CITY OF ALLEN

Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2016

Fire Station #2

ALLEN, TEXAS

CITY OF ALLEN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF ALLEN

FISCAL YEAR ENDED
SEPTEMBER 30, 2016

AS PREPARED BY THE
FINANCE DEPARTMENT

CITY OF ALLEN
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CITY OF ALLEN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016
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INTRODUCTORY SECTION

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CITY OF ALLEN

March 14, 2017

Honorable Mayor and City Council, City Manager,
Citizens of Allen:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Allen, Texas (the City), for the fiscal year ended September 30, 2016.

This report is published to provide the City Council, our citizens, City staff, and other readers with detailed information concerning the financial position and activities of the City. Management has prepared the report and is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Also included in this report is an unmodified ("clean") opinion on the City of Allen's financial statements for the year ended September 30, 2016 issued by Weaver and Tidwell, L.L.P. The independent auditors' report is located in the beginning of the financial section of the CAFR.

REPORTING ENTITY

This report includes all funds of the City including its component units. Component units are legally separate entities for which the City is financially accountable but are not part of the City's operations. The Allen Economic Development Corporation (AEDC) and Allen Community Development Corporation (ACDC) are included in the financial statements as discretely presented component units.

CITY PROFILE

The City of Allen is the fourth largest city in population in Collin County, one of the fasted growing counties in the nation. Located 25 miles north of downtown Dallas on US 75, Allen encompasses approximately 27 square miles. The George Bush Tollway and Sam Rayburn Tollway (Hwy 121) provide direct access into the Metroplex and access to Love Field (27 miles) and Dallas Ft Worth International Airport (31 miles). With a population of 4.39 million in a 30-mile radius, Allen sits in a prime location for restaurants, shopping centers and other retail venues. The quality of the Allen community attracts well-educated residents with a high level of spending power and disposable income. Current population of 94,576 at September 30, 2016 is estimated to grow to 125,000 at build out.

Incorporated in 1953, Allen is a home rule charter city. The Charter can be amended only by a vote of the people and provides for seven non-partisan Council members, including the Mayor, to be elected at-large to staggered terms of three years. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as adopting the annual budget which serves as the foundation for financial planning and control. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The Council also appoints the Municipal Judge and various advisory boards.

City service departments provide a full range of services including police and fire protection emergency ambulance service, municipal courts, building code enforcement, library, parks and recreation, tourism, water and sewer services, sanitation/solid waste services, traffic engineering, and construction and maintenance of streets and infrastructure. The City employs 792.95 full time equivalent positions.

ECONOMIC CONDITIONS AND OUTLOOK

Regional Economy

In November 2016 the Dallas Morning News ranked Allen as the #2 Best Neighborhood in North Texas citing the "small-town feel" and "hometown pride". The City of Allen unemployment rate as of September 2016 was 3.6% and the Collin County unemployment rate was 3.3%, both of which were below the national rate of 4.7%. The Dallas-Fort Worth area has an incredibly diversified economy, excels in a low unemployment rate, a growing labor force, low cost of living, affordable real estate costs and a superior business climate. The lower cost of living creates huge savings to corporations and their employees when relocating to Texas.

Allen's Position in the Region

Along with an ideal location just 12 miles north of Dallas on US 75, Allen's appealing demographics have spurred along record-breaking growth. The population of 94,576 is expanding with an estimated 4.2% growth rate. Allen has benefited from a well-educated and affluent workforce with an average family income of $131,714 as reported by the U.S. Census Bureau, American Community Survey. With an average age of 35.7, over 53.0% of adults have a Bachelor's degree or higher and the average earnings for a resident with a bachelor's degree is $67,770. Allen is a community that offers exceptional housing, award-winning schools, steady job growth, and dynamic business climate all of which are strong factors in the success of the City's economy. The quality of the Allen community attracts residents with a high level of spending power and disposable income. This makes Allen a prime location for restaurants, shopping centers and other retail venues.

Allen's progress continues to be recognized as the City was named the fourth best city for families by WalletHub, October 2016 and was named 5th Best City to Live in Texas by Niche.com, June 2016.

Long Range Financial Planning

The City's responsiveness to emerging economic challenges and its long-term planning have been key factors in its fiscal health. The City has a five-year financial plan and a seven-year capital improvement plan where departments reevaluate project priorities, review funding sources, and identify new projects as needed. Using this plan allows the City to plan the timing of projects associated with debt issuance and the effects on the tax rate. Standard and Poor's credit rating report stated "the city's Financial Management Assessment (FMA) to be 'strong', indicating practices are strong, well embedded and likely sustainable."

The City continues to maintain the highest 'AAA' rating from Standard and Poor's and during 2016 received a rating increase from Aa1 to Aaa from Moody's on its general obligation, certificate of obligation bonds. This increase makes the City of Allen just one of seven Cities in the State of Texas to have both a AAA rating with both S&P and Moody's. The Water and Sewer Revenue Bonds are rated 'AAA' from Standard and Poor's and Aa2 from Moody's. S&P's August 2016 rating report supporting the 'AAA' rating stated the following credit factors:

- Strong local economy
- High effective buying income, strong market values
- Budgetary flexibility and strong year end reserves and liquidity
- History of strong financial management practices that are sustainable
- Faster than average debt amortization and moderate overlapping debt, while the debt liabilities profile is adequate

During FY2016, the City completed a CIP Bond Program totaling $93 million estimated to be completed over the next seven years. For more information, related to this program please visit the following link: http://www.cityofallen.org/1718/Allen-Bond-2016.

Additionally, during FY2016 the City issued $6,910,000 in General Obligation refunding bonds and $1,940,000 in Tax Notes for the purchase of public safety radio equipment. Due to conservative budgeting and effective management, the City continues to cash finance capital projects thus saving debt issuance and interest costs. In FY2016, the General Fund contributed $3,603,938 for future capital projects, Water and Sewer Fund $1,995,000 for water/sewer replacements and pump and lift station improvements, and Solid Waste Fund $500,000 for alley repairs.

Fiscal Year 2016 Highlights

During FY2016, the City accomplished many initiatives to enhance livability, improve personal experience, invest in the future, and celebrate the successes. From quality neighborhoods to park development, community safety, and environmental initiatives, it's no surprise that people move here because they want Allen's quality of life.

As the city's population continued to grow, the need for new housing continued as well with the Community Development Department issuing over four hundred building permits. The City welcomed a variety of new businesses to the city, including TOPS Software, Formulife, EpiTek, Texas Revolution, Dallas Sidekicks, KONE and Kendra Scott. Facilitated several new residential developments including Connemara Crossing, Angel Field East, Ridgeview Villas, Montgomery Farm Estates, The Village at Twin Creeks - Phase II, Estates of Twin Creeks – Phase II, and Montgomery Ridge – Phase II. The City also administered Community Development Block Grant funds which went toward the rehabilitation of ten homes within Allen's older neighborhoods.

Despite a slight rise in crime statistics in 2016, the City of Allen remains one of the safest communities in the state and nation. The Allen Police Department continually strives to rapidly address emerging crime issues. Innovative Community Relations programs have also enhanced community engagement.

The Fire Department also improved their service to the community by working with the Insurance Service Office to maintain our Public Protection Classification (PPC). The PPC for Allen is a Class 2 which places Allen in the top 5% of the ratings. The Fire Department added additional features to the Station Alerting system to further reduce response times, re-wrote medical treatment protocols to include the latest advancements, attended training on radar data interpretation to aid in evaluating severe weather, expanded development programs for staff, replaced cardiac monitors with the latest technology. Additionally, staff researched and implemented practices to comply with the Affordable Care Act and other government mandates. Lastly, the department increased inter-operability with neighboring fire departments through joint training and resource sharing.

The City's environmental conservation and green initiatives span the entire city through continuation of the CitySmart Program that is aimed at improving energy efficiency of City buildings, enhancing recycling efforts at City facilities, opening a new Chemical Reuse Center, providing special events and public education for state mandated programs related to protecting and conserving natural resources, and developed a 2015 – 2020 Water Conservation and Drought Plan.

For the second consecutive year, the Library checked out over 1 million items and reached new highs in visitors and program attendance while providing a welcoming environment to Allen citizens. Library programs encouraged reading among all segments of the community from infants to seniors, including story time and Summer and Winter Reading Clubs for children, teens, and adults. Literary, cultural, movie, and musical events supported lifelong learning needs and interests supplemented by programs about food, crafts, travel, health, and financial planning. The Library sustained a vibrant collection of popular and relevant books and audiobooks (both print and electronic) and videos. For patrons' convenience, online payment options were added for Library fines and fees.

In 2016, the CDC provided funding for several projects such as the City of Allen Entry Monument, engineering and design of Ford Pool, construction of the Hillside Park play area, various reconstruction and equipment at recreational facilities, renovations to buildings at the historic Heritage Village, share the road bicycle signage, and trail development.

The Allen Economic Development Corporation worked to bring a variety of companies and related development to Allen- The Convention Center at Watters Creek, an $85 million convention center with 65,000 s.f. of meeting space and a 300 room four star hotel; Kaizen Development Partners agreed to a deal which would create a scalable office park just outside of Watters Creek which would include 125,000 s.f. of Class-A office space; TOPS Software, a developer of packaging optimization software, was recruited to Allen; Forumlife, a nutritional supplements manufacturer, has also been recruited to office in Allen; EDC staff assisted Jack Henry and Associates to acquire the Texas Enterprise Zone Program designation that secured their 600 jobs and added $6.7 million in future capital investments; EDC staff also facilitated the acquisition of the former Okmetic building by EpiTek, thus saving 35 existing jobs and will add at least 20 additional jobs and $14 million in future investments; OrthoTexas agreed to a deal to construct a new 36,000 s.f. orthopedic and surgery center. These projects not only increased the city's property tax base, but also positively affected the city's economy by increasing the number of jobs in Allen.

One of the city's major draws, Allen Event Center, is home to a wide range of entertaining shows and events- Disney on Ice, Riverdance 20th Anniversary Tour, Theresa Caputo, The Brian Setzer Orchestra, Counting Crows, Lenny Kravitz, Twenty One Pilots, Meghan Trainor, Halsey, amateur and collegiate sports, and trade shows. The event center is also the home to professional sports; the Legacy Fighting Championship 46; the Allen American Hockey team, the Dallas Sidekicks Soccer team, and the Texas Revolution Indoor Football team. The Allen Americans capped another successful season by winning, The Kelly Cup, their fourth consecutive championship.

Allen Convention and Visitors Bureau, or CVB, funded by the Hotel Tax Fund, markets Allen as a destination for meeting and sporting event planners. This helps generate economic activity from the visitors to Allen. Events such as the Lone Star Conference Basketball Championships, and the National Collegiate Wrestling Association Championship resulted in over 8,000 visitors that booked approximately 3,500 hotel room nights, and generated more than $3.4 million in economic activity. The CVB also stimulates regional tourism by promoting the city for shopping, dining and entertainment.

With all this happening within Allen's borders, it's clear that the city is working hard to provide every resident and visitor with great experiences, services and safety.

Relevant Financial Policies

A resolution amending the Debt Management and Fund Balance Reserve Policy to reflect new accounting requirements (GASB 54) was approved by Council in September 2011. The Investment Policy is also approved annually by the Council. All other policies (accounting, budgeting, procurement, capital improvements, asset management, and risk management) are internal policies approved by the Finance department and City Manager. These policies follow guidelines established by management, professional organizations and/or state and federal laws and are reviewed on a periodic basis. Recently, the Training/Travel Policy was updated to reflect changes in city processes and provide added flexibility for travelers, as well as provide greater ease for Finance staff during the reconciliation process. On a quarterly basis the Finance Department prepares financial and investment reports which are presented to the City Council.

AWARDS AND ACKNOWLEDGEMENTS

Awards -- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Allen for its CAFR for the fiscal year ended September 30, 2015. This was the seventeenth consecutive year that the

government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements – We would like to express our sincere gratitude to City personnel who contributed to this report, especially Tru Nguyen, Senior Accountant II. Appreciation is expressed to representatives of Weaver for their invaluable assistance in producing the final document and to the City Manager's office and the members of the City Council whose leadership and commitment are vital to the health and vitality of Allen.

Respectfully submitted,

Eric Cannon, CPA
Chief Financial Officer

Joanne Spurgin
Assistant Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

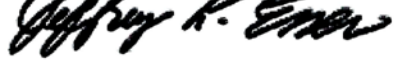
Presented to

City of Allen

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

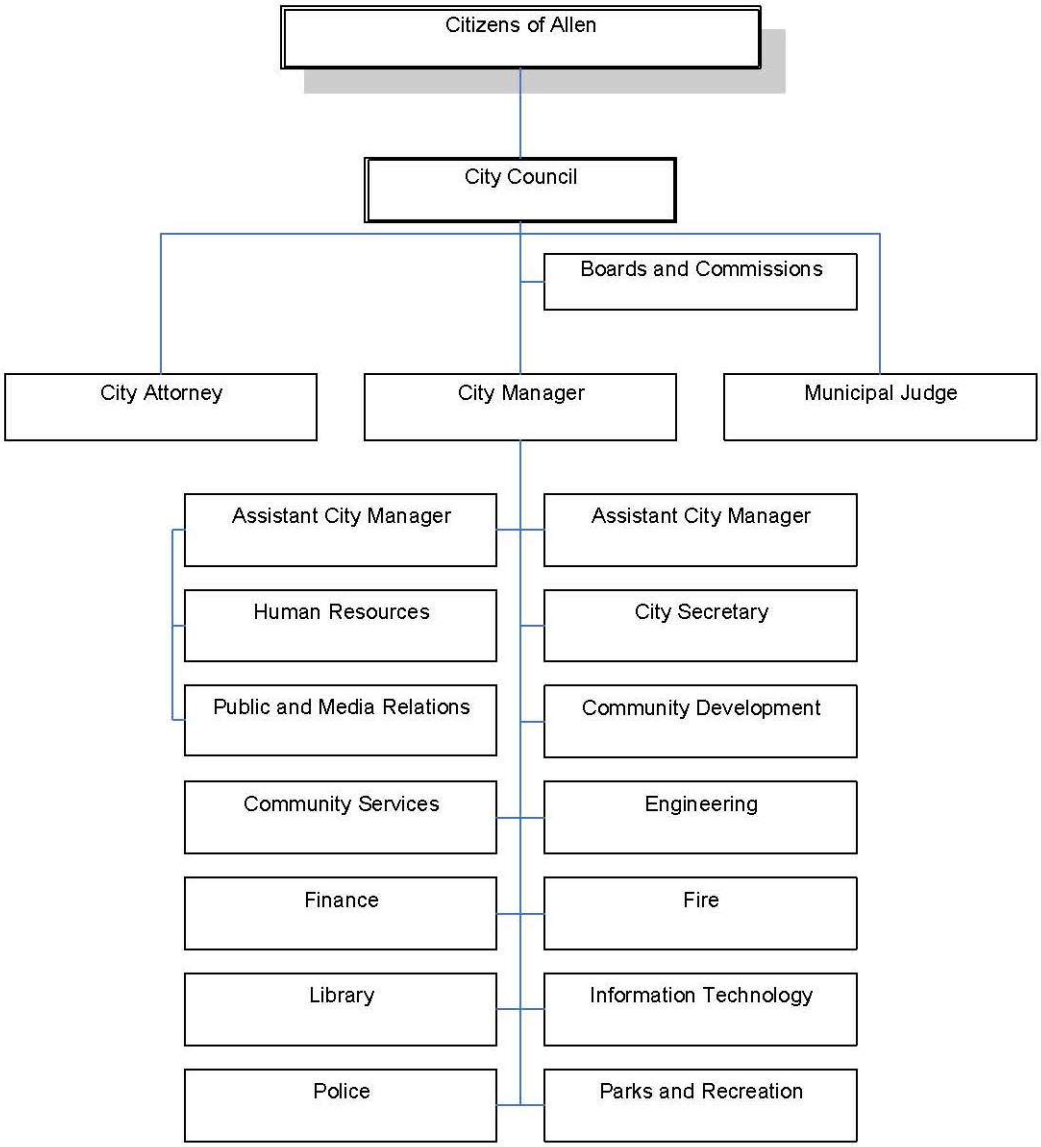
September 30, 2015



Executive Director/CEO

CITY OF ALLEN

ORGANIZATIONAL CHART



CITY OF ALLEN, TEXAS

CITY OFFICIALS

Councilmembers

Mayor	Stephen Terrell
Mayor Pro Tem, Place 5	Gary L. Caplinger
Place 1 Councilmember	Kurt Kizer
Place 2 Councilmember	Ross Obermeyer
Place 3 Councilmember	Joey Herald
Place 4 Councilmember	Robin L. Sedlacek
Place 6 Councilmember	Baine Brooks

Management Staff

City Manager	Peter H. Vargas
Chief Financial Officer	Eric Cannon
Assistant Chief Financial Officer	Joanne Spurgin

FINANCIAL SECTION

CITY OF ALLEN
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Council
City of Allen, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Allen (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, *whether due to fraud or error.*

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL
WEAVER AND TIDWELL, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS
12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251
P: 972.490.1970 F: 972.702.8321

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen, Texas, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of contributions, schedule of OPEB funding progress and contributions, and budgetary comparison information on pages 4 through 16 and 69 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund statements and schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 13, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Allen, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2016 by $603,763,141. Of this amount, $47,598,032 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by $10,892,304. The increase is primarily a result of an increase in revenues from property tax, water sales and sewer charges.
- The City's governmental funds reported combined ending fund balances of $68,711,730 at September 30, 2016, a decrease of $3,075,322 from the prior fiscal year. This decrease is attributed to the payments associated with construction and acquisition of capital projects.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was $21,190,991 or 25% of total General Fund expenditures.
- On a government-wide basis, the City's total liabilities decreased by $517,235, primarily as a result of the City refunding some of its existing debt. However, the majority of these savings were offset by the change in the net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to that of a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

In the government-wide financial statements, pages 17 through 19, the City is divided into three kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, library, community development, parks and recreation, municipal court, and general administration. Property and sales taxes, charges for services, franchise fees, and state and federal grants finance most of these activities.

- **Business-type activities** - The City's water, sewer, solid waste, drainage, and golf course operations are reported here. These are functions intended to recover all or a significant portion of their costs through user fees and charges.

- **Component units** - The City includes two separate legal entities in this report: the Allen Economic Development Corporation (AEDC) and the Allen Community Development Corporation (ACDC). Although legally separate, these component units are important because the City is financially accountable for them.

Fund financial statements - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary.

Governmental Funds - These funds are used to account for the majority of the City's activities, which are essentially the same functions as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as resources available for future spending at fiscal year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. When compared with similar information in the broader government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliation is provided that details the relationships or differences between governmental activities and governmental funds; reconciliation follows the fund financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Debt Service Fund, General Capital Projects Fund and General Obligation Bond Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

Proprietary Funds - The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection, disposal services, drainage operations, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for vehicle, machinery, and equipment replacements and costs associated with workers compensation, liability and property insurance, and employee medical and dental insurance programs. These services have been included within governmental activities in the government-wide financial statements as they predominantly benefit governmental rather than business-type functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, solid waste collection, and disposal services since they are considered to be major funds of the City. The Drainage Fund and the Golf Course Fund are the only remaining enterprise funds, and they are being presented as major funds even though they do not meet the criteria of a major fund. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26 through 30 of this report.

Notes to the Financial Statements - Additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements is provided in the notes to the financial statements found on pages 33 through 68 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information highlighting budgetary information for the General Fund, pension schedules for TMRS, and a funding schedule for OPEB found on pages 69 through 73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of the financial position of a government. The assets of the City of Allen exceed the liabilities by $603,763,141 as of September 30, 2016. By far the largest portion of the City's net position ($523,463,272 or 87%) reflects its net investment in capital assets (i.e. land, buildings, infrastructure, vehicles, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports the net investment in its capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 93,550,322	$ 96,605,789	$ 39,475,285	$ 42,271,268	$ 133,025,607	$ 138,877,057
Capital assets	498,231,793	491,546,112	112,164,832	109,672,288	610,396,625	601,218,400
Total Assets	591,782,115	588,151,901	151,640,117	151,943,556	743,422,232	740,095,457
Deferred inflows of resources	13,623,868	7,364,533	1,601,761	921,086	15,225,629	8,285,619
Long-term liabilities	130,168,562	127,706,373	10,181,900	10,291,229	140,350,462	137,997,602
Other liabilities	9,517,882	9,752,936	3,632,789	6,267,830	13,150,671	16,020,766
Total Liabilities	139,686,444	137,459,309	13,814,689	16,559,059	153,501,133	154,018,368
Deferred outflows of resources	1,230,633	1,327,042	152,954	164,829.00	1,383,587	1,491,871.00
Net Position:						
Net investment in capital assets	417,289,081	408,378,054	106,174,191	102,340,588	523,463,272	510,718,642
Restricted	32,485,173	31,476,026	216,664	344,421	32,701,837	31,820,447
Unrestricted	14,714,652	16,876,003	32,883,380	33,455,745	47,598,032	50,331,748
Total Net Position	$ 464,488,906	$ 456,730,083	$ 139,274,235	$ 136,140,754	$ 603,763,141	$ 592,870,837

An additional portion of the City's net position, $32,701,837, represents resources that are subject to external restrictions on how they may be used; the remaining balance of $47,598,032 may be used to meet the government's ongoing obligations to citizens and creditors.

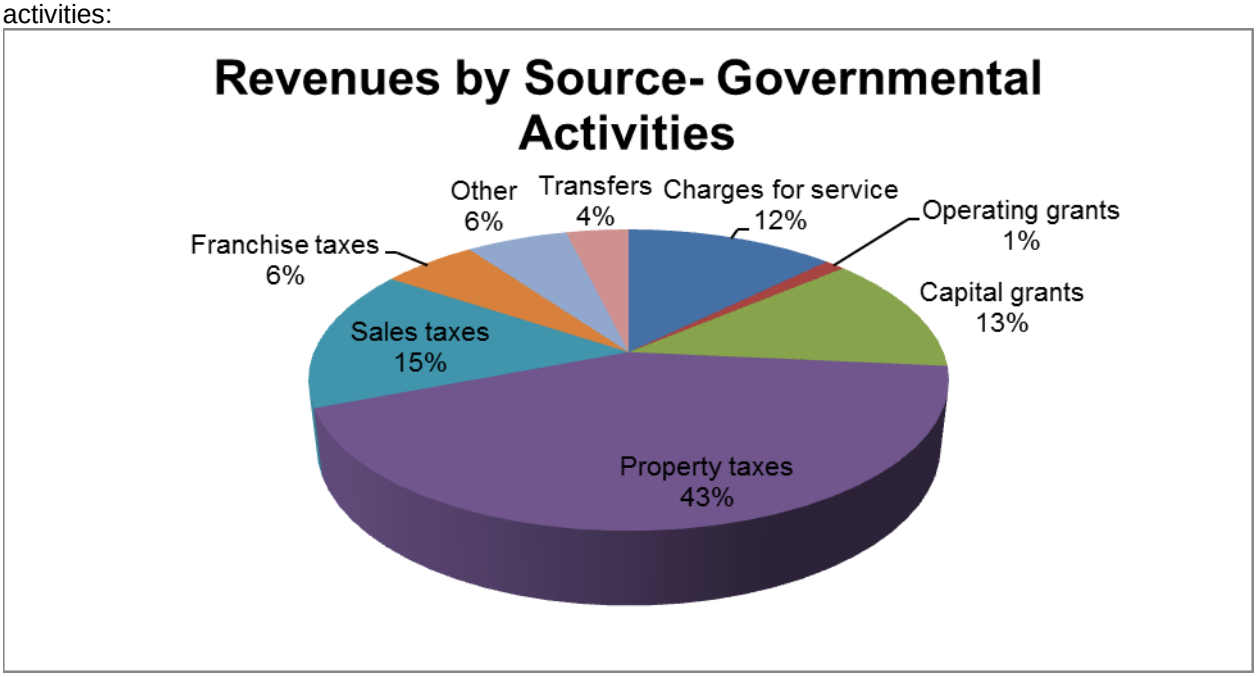
Analysis of the City's Operations - As of September 30, 2016, City had an overall increase in net position of $10,892,304 for the government as a whole which represents an increase of $7,758,823 for governmental activities and an increase of $3,133,481 for business-type activities. The increase in governmental activities is primarily a result of an increase in revenue related to charges for services, capital grants and contributions, property taxes, sales taxes, hotel/motel taxes, interest earnings and miscellaneous revenue. The increase in business-type activities is primarily a result of an increase in capital grants and contributions provided by various developers. A summary of the City's operations for the year ended September 30, 2016 is provided in Table 2.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	$ 15,986,721	$ 14,785,198	$ 47,248,254	$ 44,436,528	$ 63,234,975	$ 59,221,726
Operating grants and contributions	1,557,260	1,749,567	-	1,000,000	1,557,260	2,749,567
Capital grants and contributions	16,039,869	10,552,610	6,172,301	4,416,642	22,212,170	14,969,252
General Revenues:						
Property taxes	54,102,952	50,143,986	-	-	54,102,952	50,143,986
Sales tax	19,274,983	18,141,683	-	-	19,274,983	18,141,683
Franchise taxes	7,295,931	7,412,447	-	-	7,295,931	7,412,447
Hotel motel taxes	1,607,263	1,544,160	-	-	1,607,263	1,544,160
Other taxes	1,621,012	1,851,397	-	-	1,621,012	1,851,397
Interest earnings	735,832	689,736	197,125	194,051	932,957	883,787
Gain on sale of capital asset	-	-	15,503	-	15,503	-
Miscellaneous	3,794,277	2,650,103	-	1,003,939	3,794,277	3,654,042
Total Revenues	122,016,100	109,520,887	53,633,183	51,051,160	175,649,283	160,572,047
Expenses:						
General government	25,304,811	24,464,246	-	-	25,304,811	24,464,246
Public safety	35,199,937	31,607,444	-	-	35,199,937	31,607,444
Public works	19,083,214	18,349,569	-	-	19,083,214	18,349,569
Culture and recreation	32,851,598	32,407,934	-	-	32,851,598	32,407,934
Community development	3,251,555	2,861,704	-	-	3,251,555	2,861,704
Interest on long-term debt	3,356,234	3,921,989	-	-	3,356,234	3,921,989
Water and sewer	-	-	35,604,182	32,304,628	35,604,182	32,304,628
Solid waste services	-	-	5,870,269	5,560,294	5,870,269	5,560,294
Drainage	-	-	1,146,138	914,322	1,146,138	914,322
Golf course	-	-	3,089,041	2,911,476	3,089,041	2,911,476
Total Expenses	119,047,349	113,612,886	45,709,630	41,690,720	164,756,979	155,303,606
Change in net position before transfers	2,968,751	(4,091,999)	7,923,553	9,360,440	10,892,304	5,268,441
Transfers	4,790,072	6,249,489	(4,790,072)	(6,249,489)	-	-
Change in net position	7,758,823	2,157,490	3,133,481	3,110,951	10,892,304	5,268,441
Net position, beginning of year, as restated	456,730,083	454,572,593	136,140,754	133,029,803	592,870,837	587,602,396
Net position, end of year	$ 464,488,906	$ 456,730,083	$ 139,274,235	$ 136,140,754	$ 603,763,141	$ 592,870,837

Governmental activities

Revenues – The following chart visually illustrates the City's revenue by sources for governmental activities:



Revenues for the City's governmental activities increased by $12,495,213. Major components of revenue increases and decreases are explained as follows:

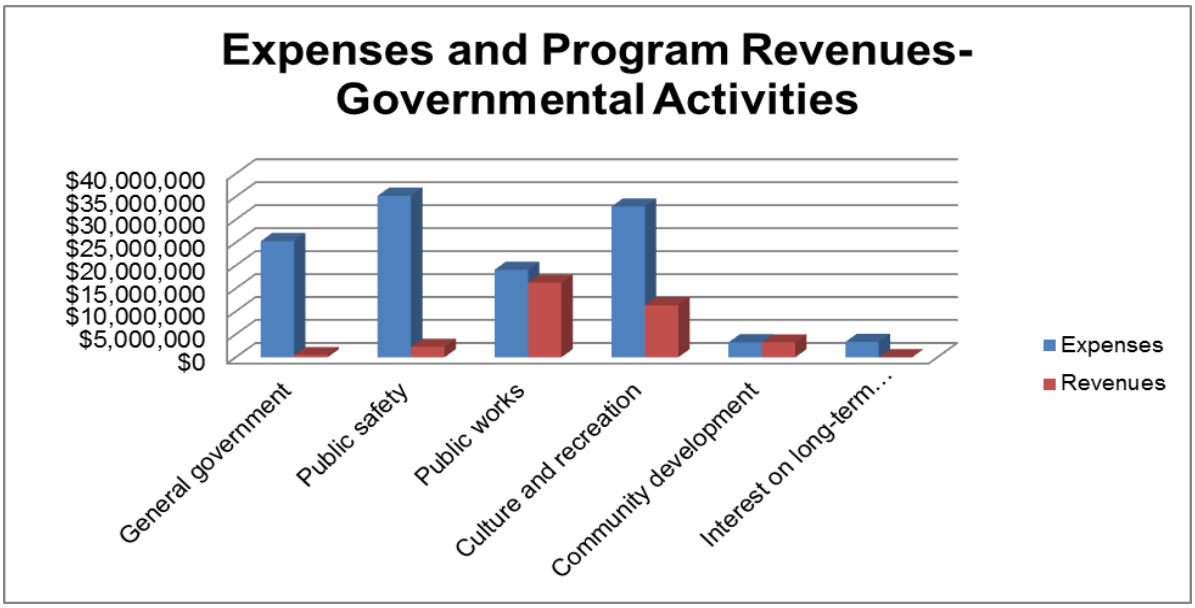
- Property taxes increased by $3,958,966 or 8% due to an increase of 10% from prior year's valuation. This increase is due to real property reappraisals and new property additions.
- Sales taxes increased by 6% over prior year collections.
- Capital grants and contributions increased by 52% due to an increase in developer contributions for infrastructure and right of way and an increase in intergovernmental revenue for street projects.
- Charges for services increased by 8% due to an increase in ticket, alcohol and concession sales at the Allen Event Center, an increase in Fire EMS services, and an increase in street inspection fee revenue.
- Fine Revenue (Other Taxes) decreased by 12% as a result of warrant revenue decreasing.
- Interest earnings increased by $46,096, an increase of 7%, as a result of interest rates continuing to increase.

Expenses for governmental activities increased by $5,434,463 or 5%. Components of increases and decreases are explained as follows:

- Expenses include employee annual merit increases, non-public safety salary market adjustment, adding 16.10 fulltime equivalent positions throughout various departments in order to address goals in the strategic plan and in order to maintain the current level of service.
- Expenses for Public Safety increased by 11% due primarily to the increase in personnel services and the addition of 2 additional FTEs for both Police and Fire.

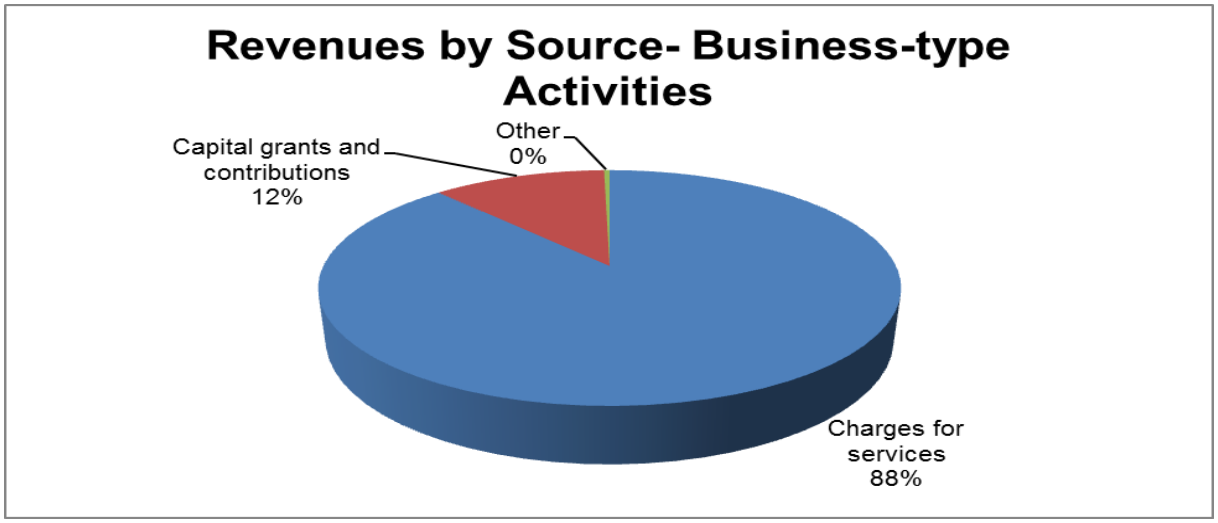
- Expenses for Culture and Recreation increased by 1% due to merit increases, increasing the Parks and Recreation FTE by 4.6 for the Ford Pool redesign and expansion, to address administrative duties at the service center, and to address growing maintenance. Additionally, there was an increase in professional services at the Allen Event Center due to an increase in number of events held.
- Expenses for General Government increased by 3% due to prudent, conservative management by city staff.

The following chart illustrates the relationship between expenses and program revenues for governmental type activities:



Business-type activities –

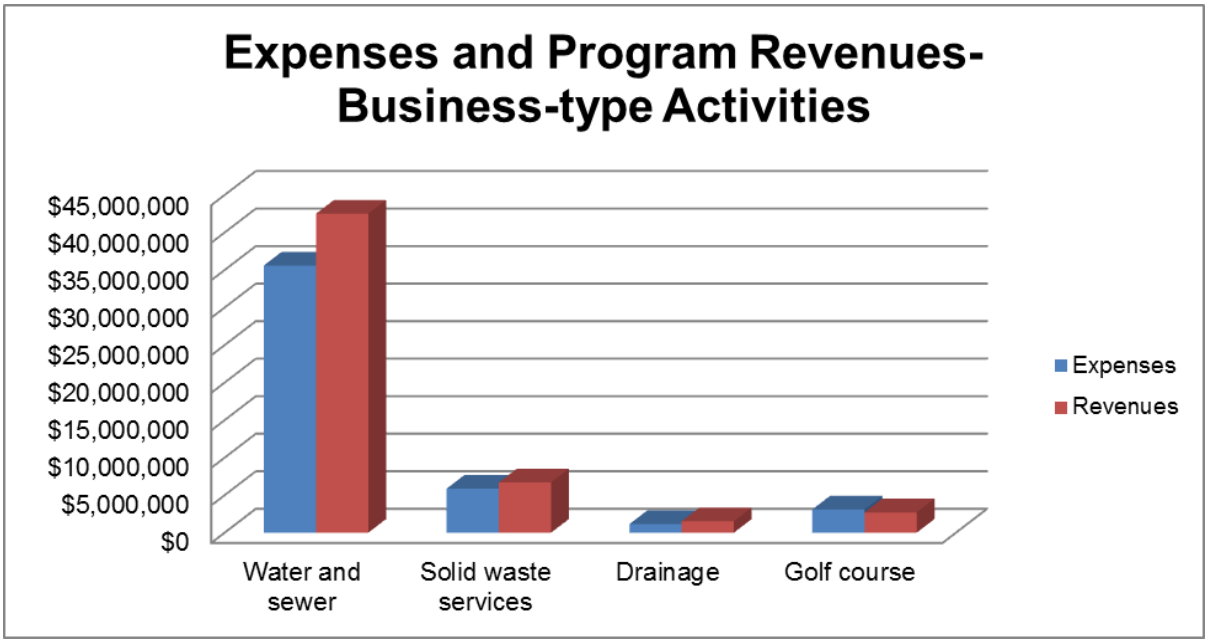
Revenues – The following chart visually illustrates the City's revenue by sources for business-type activities:



Business-type activities revenues increased $2,582,023 or 5%. Major components of the decreases/increases are as follows:

- Capital contributions increased by $1,755,659 or 40% due to an increase in developer contributions for water mains and sewer lines. This large increase offsets a $1,000,000 decrease in operating contributions.
- Charges for services for business-type activities increased by $2,811,726, or 6% due to water sales increasing by 5% as a result of less water restrictions which resulted in citizens watering more frequently, an increase of 5% in sewer charges, and an increase of 4% in drainage revenues. A significant portion of this increase was offset by a $1,003,939 decrease in miscellaneous revenues.

Expenses for business-type activities increased by $4,018,910, or 10%. The increase was due to an increase of 10% in expenses in the Water and Sewer Fund, an increase of 6% in expense in the Solid Waste Fund, and an increase of 6% in expenses in the Golf Course Fund. The increase in the Water and Sewer Fund and the Solid Waste Fund was primarily a result of an increase in the amount paid to North Texas Municipal Water District (NTMWD) as they proceed with capital expansion plans that increased the City's costs associated with water and sewer service from the District. The increase in the Golf Course Fund was primarily a result of an increase in maintenance costs as two greens were destroyed by storms during the beginning of the fiscal year. The following chart illustrates the relationship between expenses and program revenues for business-type activities:



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds

The focus of the City of Allen's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances of $68,711,730, a decrease of $3,075,322 in comparison with the prior fiscal year. Approximately 31%, or $21,190,991, constitutes unassigned fund balances, which are available for spending at the government's discretion. The remaining fund balances are classified as assigned, restricted or non-spendable to indicate that they are not available for new spending allocation. The non-spendable portion includes prepaid items ($2,129), restricted funds for debt service ($1,254,401), capital projects ($36,800,683), tourism ($4,359,540), asset forfeiture ($85,621), state and federal grants ($249,096), park acquisition and development ($1,581,633), tax increment financing agreements ($2,279,728), court technology ($15,770), PEG fees ($811,867), photo red light enforcement ($21,737), and cemetery trust ($58,534).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total unassigned fund balance was $21,190,991. Current operating expenditures had savings of $3,355,540 allowing monies to be transferred to the capital projects fund for self-financing of capital projects. The total fund balance increased from $20,388,622 to $22,101,028. This increase is due to prudent, conservative management by City staff.

The Debt Service Fund balance of $1,254,401, all of which is restricted for the payment of debt, decreased from the prior year by $38,858. This decrease was due to a decrease in the total debt portfolio. The fund balance meets the FY2016 5-10% of annual debt service requirement of $640,073 to $1,280,146.

The General Capital Projects Fund provides information on cash financed capital projects and had an ending fund balance of $22,164,716, a decrease of ($218,586). Revenues and other financing sources totaled $9,841,221, which included $700,000 received from developer for the Montgomery Boulevard extension, $503,655 received from TASPP for the Fire Department expenditures, $557,924 for Allen Water Station Trail, $450,000 for Molsen Farm land, $158,788 for Alma Drive improvement from Collin County, $368,072 in miscellaneous revenue for street improvements, $1.7M for AISD land and building capital lease obligations, and $4,242,639 from other funds to cash finance capital projects. Total expenditures of $10,059,807 consisted of $1,873,563 for Montgomery Boulevard extension, $2,272,272 for Ridgeview Drive, $1.7M for AISD land and building, and $1,192,388 for citywide street and alley repair.

The General Obligation Bond Fund had an ending fund balance of $14,635,967, a decrease of ($5,634,724) from the prior year. Expenditures totaled $7,473,935 which primarily included $3,966,093 for Fire Station #2 reconstruction, $1,889,608 for Molsen farm land, and $436,978 for Alma Drive improvement.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position for all enterprise funds are as follows: Water and Sewer, $28,581,811, Solid Waste, $2,844,622, Drainage, $552,547, and Golf Course, ($235,769). The total change in net position for the funds was an increase of $3,428,934, a decrease of $108,147, an increase of $35,845, and a decrease of $83,234.

The Water and Sewer Fund had an increase in net position as a result of an increase in capital contributions. The Solid Waste Fund had a decrease in net position due to an increase in contractual services. The Drainage Fund had an increase in net position due to the decrease in transfers out to other funds. The Golf Course Fund had a decrease in net position due to an increase in operating expenses.

General Fund Budgetary Highlights

During April and May, all accounts are evaluated to determine if they are in line with the original budgets. Accounts that are under or over budget are revised to meet year-end estimates. New projects are not added to the year-end estimate; only the cost of maintaining the current base operation is revised as needed. As is customary, during FY2015-16, the City Council amended the budget for the General Fund one time.

Adjustments made during the FY2015-16 increased the original revenue budget by $1,443,188 and increased the expenditure budget by $835,435. Due to the actual expenditures being $3,355,540 less than the revised budget and actual revenues being $982,695 more than revised budget, the City was able to transfer $3,686,000 to the General Capital Projects Fund to cash finance future capital projects. The General Fund's operational expenditure reserve increased to 89.17 days from the amended budget of 87.26 days, easily within the City's financial policy of 60 to 90 days.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to $610,396,625 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, vehicles, machinery and equipment, park land and facilities, roads and bridges. About 82% of the capital assets are governmental and 18% are business-type activities. There was an increase of 2% in the investment in capital assets for the current fiscal year.

Table 3
Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 137,644,912	$131,973,606	$4,072,882	$4,072,882	$141,717,794	$136,046,488
Buildings	99,927,334	102,299,610	-	-	99,927,334	102,299,610
Towers, tanks and pump stations	-	-	103,444,030	101,053,489	103,444,030	101,053,489
Other Improvements	228,304,085	234,039,688	330,567	342,832	228,634,652	234,382,520
Furniture and fixtures	409,434	644,676	-	-	409,434	644,676
Vehicles	4,372,358	4,613,647	320,744	77,681	4,693,102	4,691,328
Machinery and equipment	4,514,573	3,566,010	1,937,442	1,943,015	6,452,015	5,509,025
Construction in progress	23,059,097	14,408,875	2,059,167	2,182,389	25,118,264	16,591,264
Total	$498,231,793	$491,546,112	$112,164,832	$109,672,288	$610,396,625	$601,218,400

The major governmental-type capital improvement projects and developer contributions during the current fiscal year included the following:

Developer contributed street, alley and right of way	$8,705,568
Fire Station #2 Reconstruction	4,537,190
Ford Pool Reconstruction	3,100,627
Molsen Farm Land Acquisition	2,339,608
Street construction:	
Ridgeview - Alma to Stacy	2,272,272
Montgomery Blvd. Extension	1,873,563
FY15 Street and Alley Repair	1,192,388

Business-type capital improvement projects and developer contributions during the current fiscal year include the following:

Developer contributed water mains and sewer lines	$4,636,530
Fountain Park Phase 1 & 2 water & sanitary sewer	2,602,807
Custer Tower interior repaint	328,503
Cottonwood Creek 21" sewer line	253,177

Additional information on the City's capital assets can be found in Note 4 of this report.

DEBT ADMINISTRATION

As shown in Table 4, the City's total outstanding debt at September 30, 2016 was $191,053,899 of which $130,168,562 was governmental, $10,181,900 was business-type activities and $50,703,437 was component units'. Total gross bonded debt and notes payable was $145,333,147 which includes $86,445,000 of General Obligation (G.O.) bonds backed by the full faith and credit of the government, $450,000 of Certificates of Obligation backed by taxes and revenue generated from the golf course, $5,760,000 secured solely by water and sewer revenue, and the component unit's total of $46,930,000 secured by future sales tax revenue and $5,748,147 of notes payable. Other long-term debt relates to compensating absences, net pension liability, capital leases, and issuance premiums and discounts.

In fiscal year 2016, the City issued $6,910,000 of G.O. Refunding and Improvement Bonds and $1,940,000 of Tax Notes. The Allen Community Development Corporation issued $31,235,000 of Sales Tax Revenue and Refunding Bonds.

The revenue bond debt for both component units relates to debt issued in order to support public infrastructure improvements and construction of the Allen Event Center. The notes payable debt is due to a loan agreement Allen Economic Development Corporation entered into in relation to the purchase of 31 acres of land. Total debt for the component units decreased by 3%. Total debt for the Allen Economic Development Corporation decreased by 7%, and the Allen Community Development Corporation debt decreased by 1%.

Table 4
Outstanding Debt at Year-end
Bonds and Other Long Term Debt

	Governmental Activities		Business-type Activities		Component Units		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Gross Bonded Debt								
General Obligation Bonds	$ 86,445,000	$ 95,690,000	$ -	$ -	$ -	$ -	$ 86,445,000	$ 95,690,000
Certificate of Obligation Bonds	450,000	490,000	-	-	-	-	450,000	490,000
Revenue Bonds Payable	-	-	5,760,000	6,735,000	-	-	5,760,000	6,735,000
Sales Tax Revenue Bonds	-	-	-	-	46,930,000	48,060,000	46,930,000	48,060,000
Note Payable	1,940,000	-			3,808,147	4,400,000	5,748,147	4,400,000
Total Gross Bonded Debt	88,835,000	96,180,000	5,760,000	6,735,000	50,738,147	52,460,000	145,333,147	155,375,000
Other Long-Term Debt								
Compensated Absences	5,625,384	5,527,172	685,994	631,820	-	-	6,311,378	6,158,992
Net Pension Liability	26,532,334	18,740,452	3,287,519	2,327,709	-	-	29,819,853	21,068,161
Capital leases	1,700,000	-	252,519	370,811	-	-	1,952,519	370,811
Issuance, Premiums & Discounts	7,475,844	7,258,749	195,868	225,889	(34,710)	(166,346)	7,637,002	7,318,292
Total Other Long Term Debt	41,333,562	31,526,373	4,421,900	3,556,229	(34,710)	(166,346)	45,720,752	34,916,256
Total	$ 130,168,562	$ 127,706,373	$10,181,900	$ 10,291,229	$ 50,703,437	$ 52,293,654	$ 191,053,899	$ 190,291,256

The underlying credit ratings from both Moody's Investors Service and Standard and Poor's for the City's General Obligation Bonds, Certificates of Obligation, Water and Sewer Revenue Bonds, Community Development Corporation's Sales Tax Bonds and Economic Development Sales Tax Revenue Bonds are shown below in Table 5. Additional information on the City's long-term debt can be found in Note 5.

Table 5
Bond Ratings

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds	Aaa	AAA
Certificates of Obligation	Aaa	AAA
Water & Sewer Revenue Bonds	Aa2	AAA
CDC Sales Tax Revenue Bonds	Aa2	
EDC Sales Tax Revenue Bonds	Aa2	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be moderately strong for the City of Allen and the North Central Texas area. Focused on having a balanced community, the City takes a proactive approach to economic development with its business recruitment and retention efforts, as well as with its variety of housing options. In addition, the City conservatively manages its budget. The fiscal year 2016-2017 budget reflects the commitment of the City Council and staff to provide services and facilities to our citizens while maintaining a strong financial position.

The City revenues most impacted by a moderately strong economy are property taxes and sales taxes. The property tax revenue source experienced growth due to new construction and reappraisal increases of existing real property. For fiscal year 2016-2017, reappraisal values for existing real (residential and commercial) properties increased 7.24% compared to FY2016. Additional tax abatements on commercial property had a small impact of reducing the taxable property valuation by 0.1%. New construction of residential and commercial property resulted in an increase in valuation of 2.06%. The overall increase in valuation from all categories was 10.28%; however, the property tax revenue increase was budgeted at 8.23% as a result of lowering the tax rate by one cent. Overall sales tax is expected to increase by about 2.83%. As the City's sizeable retail developments near capacity the rate of growth of sales tax is expected to increase at a rate that is a combination of population growth and increases in prices for retail items.

The rate of residential growth has steadily increased as the economy has recovered. The City estimates issuance of 425 single family permits in FY2017. The population of approximately 94,576 as of September 30, 2016 is expected to reach approximately 125,000 at build out in the next thirteen years. The population projection at build out has been increased recently due to the construction of additional multi-family units, changes to projected land use plans, and an overall increase in the density of the developments.

The various infrastructure and operational needs of the City have resulted in the annual expenditure budget increasing from $157.34 million in FY2011, to $210.79 million for FY2017 for all funds combined. The certified assessed property value for 2016-2017 equates to an overall increase of approximately $1.046 billion (10.28%) from the preceding year. The FY2017 tax rate was set at $0.520 per $100 valuation. Of the total tax rate, $0.396273 is dedicated to operations and maintenance in the General Fund, and $0.123727 is dedicated to general obligation debt service.

Ad valorem taxes are the General Fund's largest revenue source and will contribute $44.137 million or 46.70% of the fund's budgeted revenues in FY2017. Appraisal values are established by the Central Appraisal District of Collin County, and collections are certified at 100% by the Collin County Tax Assessor-Collector's office. New retail development and population growth will continue to increase sales tax at a moderate rate of 3.06% over the revised FY2016.

The General Fund ended 2015-2016 with an approximate increase of $1,716,488 as compared to the revised budgeted fund balance. This brings the ending fund balance to an equivalent 84.28 days of operating expenditures, which is lower than the amended estimate of 87.26 days, and is within the range of the City's financial policy of 60 to 90 days. The 2016-2017 General Fund expenditure budget reflects a 6.33% increase from the revised 2015-2016 budget. This is primarily due to a compensation market adjustment in employee pay ranges with particular emphasis on Public Safety employees, an update of our microwave connectivity systems, and continued increases in economic development incentives as two major retail developments continued to generate increased property and sales taxes pursuant to the development agreements. These changes will allow the City to retain staff to meet its strategic goals, and continue its commitment to maintaining a high level of service to the public.

The City chose to not increase the water and sewer rates as proposed in the rates study, which was updated in 2012, because the fund balance is projected to end at the upper range of the policy without an increase to rates. The budget includes an increase in rates to the city from NTMWD. Also included in the FY2017 budget is $3.345 million to cash finance water and sewer capital projects related to water lines, sewer lines, sewer lift station maintenance, and pump station maintenance. The Water and Sewer Fund is expected to finish the fiscal year 2017 with approximately $13.615 million in working capital reserves resulting in 119.89 days of operating expenses in reserve, which is within the City policy of 90 to 120 days. This healthy balance is necessary to fund the future City and NTMWD capital projects, ongoing maintenance projects that are planned to ensure the water and sewer infrastructure will meet the demand when the City reaches build out, and also provides reserves that can be used during drought related watering restrictions that would have an impact on revenues.

The Solid Waste Fund represents a stable operational service and staff continues its educational outreach programs through several key programs and events held throughout the year. Staff also continues to seek grant funding for future cycles. The City's current contract is with Community Waste Disposal (CWD) as the solid waste provider. No commercial CPI solid waste fee increases are planned in 2016. The contract includes an agreement to adjust the variable fuel adjustment fee (VFAF) on commercial accounts to a higher fuel cost starting point, which is beneficial to the City's commercial customers. With the continuing decline in fuel costs, the VFAF will probably not be changed. The Solid Waste fund balance at the end of FY2017 is expected to be $2.31 million which is approximately 122 operating days of reserve and is greater than the City's policy of 90 to 120 days.

The Drainage Fund is supported by drainage fees on utility bills and development inspection fees. The fund continues to sustain a fund balance which supports drainage maintenance, mosquito abatement, Texas Pollution Discharge Elimination System (TPDES), and capital improvement activities.

The City's golf course, formerly called Chase Oaks, is in its fourth year of operation. After the course was redesigned, it was renamed as The Courses at Watters Creek. The renovated course opened in January 2013. The completion of the 33 holes has helped to improve the overall golf experience for the established players and create an enthusiastic environment for new golfers of all ages. There is an 18-hole course, a 9-hole course, 6 additional holes for short iron play, new putting greens, and a lighted driving range. This last year of operations saw a decrease in revenue attributed to damage to several of our greens because of flooding. During that time, the City installed temporary greens and provided a price reduction to players in order to encourage the use of the facility. Even though revenues didn't meet our initial projections, considering the circumstances, its performance was in line with our revised expectations. Budgeted support from the General Fund was provided to the Golf Course, but was primarily necessary to cover depreciation and lease expenses.

For 2016-2017, the Risk Management Fund reflects no changes in health care costs, due largely to restructuring the plans to shift health care liability to the employees and increased scrutiny in prescription claims. For FY2017, the City will incur a 1% increase in costs from the revised FY2016 budget. For the FY2017 budget, a contribution of approximately $220 thousand is budgeted to be put into a trust fund for other post-employment benefits. This amount is determined from an actuarial study every two years. The FY2017 budget was increased in both revenues and expenses by over $100 thousand as the number of assets being insured in our Property & Liability portfolio, as well as an increase in Worker's Comp premium. Prior to FY2016 the city would pay claims over the stop loss amounts and then get reimbursed. United Healthcare is able to manage the stop loss once claims have reached the stop loss threshold. Worker's compensation premiums have increased due to the number of hours worked by public safety personnel. Property and liability insurance rates for fiscal year 2017 are expected to increase compared to fiscal year 2016 as there were significant additions of newly insured property. The Risk Fund continues to be in good financial condition.

The City of Allen's budget continues to be positively impacted by moderately strong growth and by conservative fiscal management. The 2016-2017 budget reflects the efforts of the governing body and city staff to address the need to provide services and facilities to support our vibrant and growing community, while maintaining a strong financial position.

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department at 305 Century Parkway, Allen, Texas, 75013, or call (214) 509-4626.

CITY OF ALLEN
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BASIC FINANCIAL STATEMENTS

CITY OF ALLEN
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CITY OF ALLEN, TEXAS **EXHIBIT 1**
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	$ 33,680,088	$ 12,015,274	$ 45,695,362	$ 11,832,094
Investments	52,338,550	18,014,855	70,353,405	18,662,454
Receivables (net of allowance for uncollectibles)	7,895,041	6,935,902	14,830,943	3,499,135
Internal balances	(1,140,169)	1,140,169	-	-
Prepaid items and other assets	776,812	5,050	781,862	6,298
Inventories	-	91,010	91,010	-
Restricted cash and cash equivalents	-	1,273,025	1,273,025	-
Capital assets:				
Non-depreciable	160,704,009	6,132,049	166,836,058	9,023,086
Depreciable (net of depreciation)	337,527,784	106,032,783	443,560,567	488,784
TOTAL ASSETS	591,782,115	151,640,117	743,422,232	43,511,851
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	2,432,165	217,746	2,649,911	729,120
Deferred outflows of resources - pension	11,191,703	1,384,015	12,575,718	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,623,868	1,601,761	15,225,629	729,120
LIABILITIES				
Accounts payable	4,968,835	1,546,889	6,515,724	669,885
Accrued liabilities	3,431,466	241,261	3,672,727	18,205
Accrued interest payable	417,830	56,361	474,191	111,918
Customer deposits	-	1,705,364	1,705,364	-
Unearned revenue	207,135	-	207,135	-
Retainage payable	492,616	82,914	575,530	198,471
Non-current liabilities:				
Due within one year	13,835,298	1,772,004	15,607,302	3,248,690
Due in more than one year	116,333,264	8,409,896	124,743,160	47,454,747
TOTAL LIABILITIES	139,686,444	13,814,689	153,501,133	51,701,916
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	1,230,633	152,954	1,383,587	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,230,633	152,954	1,383,587	-
NET POSITION				
Net investment in capital assets	417,289,081	106,174,191	523,463,272	9,511,870
Restricted for:				
Debt service	856,931	216,664	1,073,595	840,713
Capital projects	22,164,716	-	22,164,716	-
Tourism	4,359,540	-	4,359,540	-
Park acquisition and development	1,581,633	-	1,581,633	-
State and federal grants	249,096	-	249,096	-
Tax Increment Financing	2,279,728	-	2,279,728	-
Other purposes	993,529	-	993,529	-
Unrestricted	14,714,652	32,883,380	47,598,032	(17,813,528)
TOTAL NET POSITION	$ 464,488,906	$ 139,274,235	$ 603,763,141	$ (7,460,945)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 25,304,811	$ 467,786	$ -	$ -
Public safety	35,199,937	1,801,984	494,328	-
Public works	19,083,214	210,687	-	16,039,869
Culture and recreation	32,851,598	10,289,465	1,051,055	-
Community development	3,251,555	3,216,799	11,877	-
Interest on long-term debt	3,356,234	-	-	-
Total governmental activities	119,047,349	15,986,721	1,557,260	16,039,869
Business-type Activities:				
Water and sewer	35,604,182	36,335,868	-	6,172,301
Solid waste	5,870,269	6,687,182	-	-
Drainage	1,146,138	1,519,405	-	-
Golf course	3,089,041	2,705,799	-	-
Total business-type activities	45,709,630	47,248,254	-	6,172,301
TOTAL PRIMARY GOVERNMENT	$ 164,756,979	$ 63,234,975	$ 1,557,260	$ 22,212,170
COMPONENT UNITS:				
Allen Economic Development Corporation	$ 3,876,981	$ -	$ -	$ -
Allen Community Development Corporation	9,529,818	-	-	-
TOTAL COMPONENT UNITS	$ 13,406,799	$ -	$ -	$ -

General revenues:
- Taxes:
  - Property taxes, levied for general purposes
  - Sales taxes
  - Franchise taxes
  - Hotel motel taxes
  - Other taxes
- Investment earnings
- Gain on sale of assets
- Miscellaneous

Transfers

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION, beginning of year

NET POSITION, end of year

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business - Type Activities	TOTAL	COMPONENT UNITS
$ (24,837,025)	$ -	$ (24,837,025)	$ -
(32,903,625)	-	(32,903,625)	-
(2,832,658)	-	(2,832,658)	-
(21,511,078)	-	(21,511,078)	-
(22,879)	-	(22,879)	-
(3,356,234)	-	(3,356,234)	-
(85,463,499)	-	(85,463,499)	-
-	6,903,987	6,903,987	-
-	816,913	816,913	-
-	373,267	373,267	-
-	(383,242)	(383,242)	-
-	7,710,925	7,710,925	-
$ (85,463,499)	$ 7,710,925	$ (77,752,574)	$ -
$ -	$ -	$ -	$ (3,876,981)
-	-	-	(9,529,818)
$ -	$ -	$ -	$ (13,406,799)
$ 54,102,952	$ -	$ 54,102,952	$ -
19,274,983	-	19,274,983	18,876,048
7,295,931	-	7,295,931	-
1,607,263	-	1,607,263	-
1,621,012	-	1,621,012	-
735,832	197,125	932,957	208,143
-	15,503	15,503	-
3,794,277	-	3,794,277	218,184
4,790,072	(4,790,072)	-	-
93,222,322	(4,577,444)	88,644,878	19,302,375
7,758,823	3,133,481	10,892,304	5,895,576
456,730,083	136,140,754	592,870,837	(13,356,521)
$ 464,488,906	$ 139,274,235	$ 603,763,141	$ (7,460,945)

CITY OF ALLEN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	GENERAL	DEBT SERVICE	GENERAL CAPITAL PROJECTS
ASSETS			
Cash and cash equivalents	$ 9,331,023	$ 538,398	$ 7,827,767
Investments	12,229,724	672,136	14,598,278
Receivables, net of allowances for uncollectibles:			
Ad valorem taxes	77,755	20,360	-
Sales taxes	3,465,828	-	-
Accounts receivable	-	-	-
Accrued interest	122,106	31,041	77,819
Other	2,558,011	12,826	953,655
Prepaid items	2,129	-	-
TOTAL ASSETS	$ 27,786,576	$ 1,274,761	$ 23,457,519
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 3,605,104	$ -	$ 729,254
Accrued liabilities	1,994,989	-	322,971
Unearned revenue	7,700	-	-
Retainage payable	-	-	240,578
TOTAL LIABILITIES	5,607,793	-	1,292,803
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	77,755	20,360	-
TOTAL DEFERRED INFLOWS OF RESOURCES	77,755	20,360	-
FUND BALANCES			
Nonspendable			
Prepaid items	2,129	-	-
Restricted			
Debt service	-	1,254,401	-
Capital projects	-	-	22,164,716
Tourism	-	-	-
Asset forfeiture	-	-	-
State and federal grants	-	-	-
Park acquisition and development	-	-	-
Tax increment financing agreement	-	-	-
Court technology	15,770	-	-
PEG fees	811,867	-	-
Photo red light enforcement	21,737	-	-
Cemetery trust	58,534	-	-
Unassigned	21,190,991	-	-
TOTAL FUND BALANCES	22,101,028	1,254,401	22,164,716
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 27,786,576	$ 1,274,761	$ 23,457,519

The Notes to Financial Statements are an integral part of this statement.

GENERAL OBLIGATION BOND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 5,653,185	$ 3,272,765	$ 26,623,138
9,316,683	5,172,558	41,989,379
-	-	98,115
-	-	3,465,828
-	416,621	416,621
71,121	27,477	329,564
-	-	3,524,492
-	-	2,129
$ 15,040,989	$ 8,889,421	$ 76,449,266
$ 158,175	$ 89,454	$ 4,581,987
-	39,723	2,357,683
-	199,435	207,135
246,847	5,191	492,616
405,022	333,803	7,639,421
-	-	98,115
-	-	98,115
-	-	2,129
-	-	1,254,401
14,635,967	-	36,800,683
-	4,359,540	4,359,540
-	85,621	85,621
-	249,096	249,096
-	1,581,633	1,581,633
-	2,279,728	2,279,728
-	-	15,770
-	-	811,867
-	-	21,737
-	-	58,534
-	-	21,190,991
14,635,967	8,555,618	68,711,730
$ 15,040,989	$ 8,889,421	$ 76,449,266

CITY OF ALLEN, TEXAS **EXHIBIT 4**
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances - governmental funds		$ 68,711,730
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		498,231,793
Funds comprising the net other post employment benefit asset are not current financial resources and therefore are not reported in the governmental funds balance sheet.		572,683
The following deferred outflows of resources and deferred inflows of resources are not reported in governmental funds:		
Deferred charges on refunding	2,432,165	
Deferred outflows of resources - pension	11,191,703	
Deferred inflows of resources - pension	(1,230,633)	12,393,235
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(417,830)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds ($24,324,149) are net of the amount allocated to business-type activities ($1,140,169) and to capital assets ($8,116,238).		15,067,742
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		98,115
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities consist of:		
General obligation bonds	(86,445,000)	
Certificates of obligation	(450,000)	
Tax notes	(1,940,000)	
Capital lease payable	(1,700,000)	
Premiums/discounts	(7,475,844)	
Compensated absences	(5,625,384)	
Net pension liability	(26,532,334)	(130,168,562)
Net position of governmental activities		$ 464,488,906

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN
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CITY OF ALLEN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GENERAL	DEBT SERVICE	GENERAL CAPITAL PROJECTS
REVENUES			
Ad valorem taxes, penalties and interest	$ 40,938,998	$ 12,463,038	$ -
Franchise taxes	7,295,931	-	-
Municipal sales tax	18,821,587	-	-
Licenses, permits and fees	2,891,704	-	-
Charges for services	12,368,922	-	633,848
Fines	1,579,628	-	-
Gifts and contributions	832,211	-	-
Hotel / motel fees	-	-	-
Intergovernmental	128,237	-	1,798,190
Investment earnings	245,985	68,221	139,631
Miscellaneous	2,249,309	-	1,326,913
Total revenues	87,352,512	12,531,259	3,898,582
EXPENDITURES			
Current			
General government	22,537,520	-	490,828
Public safety	32,660,050	-	-
Public works	3,377,872	-	1,279,169
Culture and recreation	23,150,698	-	202,119
Community development	2,362,059	-	-
Capital outlay	-	-	8,087,691
Debt service:			
Principal retirement	-	9,135,000	-
Interest and fiscal charges	-	3,801,812	-
Total expenditures	84,088,199	12,936,812	10,059,807
Excess (deficiency) of revenues over (under) expenditures	3,264,313	(405,553)	(6,161,225)
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	-	6,910,000	-
Issuance of bonds	-	-	-
Premium on bonds issued	-	995,753	-
Payment to refunded bond escrow agent	-	(7,789,058)	-
Capital lease obligations	-	-	1,700,000
Transfers in	4,556,699	250,000	4,242,639
Transfers out	(6,119,341)	-	-
Proceeds from sale of capital assets	10,735	-	-
Total other financing sources (uses)	(1,551,907)	366,695	5,942,639
NET CHANGE IN FUND BALANCES	1,712,406	(38,858)	(218,586)
FUND BALANCES, BEGINNING OF YEAR	20,388,622	1,293,259	22,383,302
FUND BALANCES, END OF YEAR	$ 22,101,028	$ 1,254,401	$ 22,164,716

The Notes to Financial Statements are an integral part of this statement.

GENERAL OBLIGATION BOND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ 702,096	$ 54,104,132
-	-	7,295,931
-	453,396	19,274,983
-	172,876	3,064,580
-	-	13,002,770
-	-	1,579,628
-	-	832,211
-	1,607,263	1,607,263
-	718,662	2,645,089
120,503	53,420	627,760
-	135,648	3,711,870
120,503	3,843,361	107,746,217
66,815	1,006,474	24,101,637
21,736	284,479	32,966,265
208,390	-	4,865,431
600	933,965	24,287,382
-	470,952	2,833,011
7,176,394	144,208	15,408,293
-	-	9,135,000
-	-	3,801,812
7,473,935	2,840,078	117,398,831
(7,353,432)	1,003,283	(9,652,614)
-	-	6,910,000
1,940,000	-	1,940,000
43,857	-	1,039,610
-	-	(7,789,058)
-	-	1,700,000
-	87,744	9,137,082
(265,149)	-	(6,384,490)
-	13,413	24,148
1,718,708	101,157	6,577,292
(5,634,724)	1,104,440	(3,075,322)
20,270,691	7,451,178	71,787,052
$ 14,635,967	$ 8,555,618	$ 68,711,730

CITY OF ALLEN, TEXAS **EXHIBIT 6**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds		$ (3,075,322)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		15,577,015
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the acquisition value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		14,185,620
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(23,875,233)
In governmental fund financial statements, the proceeds from sale of assets are shown as an increase in financial resources. However, in the statement of activities, the gain or loss is calculated and reported.		(65,410)
The proceeds from issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements.		
Refunding bonds issued	(6,910,000)	
Bonds issued	(1,940,000)	
Premium on bonds issued	(1,039,610)	
Payment to refunding bond escrow agent	7,789,058	
Issuance of a capital lease	(1,700,000)	
Bond and capital lease principal retirement	9,135,000	
Amortization of bond premiums	822,515	
Amortization of deferred charges on refundings	(416,321)	5,740,642
Current year changes for compensated absences, net pension liability, deferred inflows/outflows related to pensions, and the opeb asset do not require the use of current financial resources and, therefore, are not reported in governmental funds.		(1,631,177)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		39,384
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net operating and non-operating income and transfers of the internal service funds is reported with governmental activities net of amounts allocated to business-type activities.		864,485
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(1,181)
Change in net position of governmental activities		$ 7,758,823

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 7**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	WATER AND SEWER	SOLID WASTE	DRAINAGE	GOLF COURSE	TOTAL	INTERNAL SERVICE FUNDS
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 10,035,456	$ 1,176,590	$ 352,324	$ 450,904	$ 12,015,274	$ 7,056,950
Investments	15,786,860	1,829,689	398,306	-	18,014,855	10,349,171
Receivables, net of allowance for uncollectibles:						
Accounts	6,340,182	277,948	65,242	-	6,683,372	-
Accrued interest	93,248	9,557	2,391	-	105,196	60,421
Other	-	146,887	441	6	147,334	-
Inventories	91,010	-	-	-	91,010	-
Prepaid items	-	-	-	5,050	5,050	202,000
Restricted cash and cash equivalents	1,273,025	-	-	-	1,273,025	-
Total current assets	33,619,781	3,440,671	818,704	455,960	38,335,116	17,668,542
NONCURRENT ASSETS						
CAPITAL ASSETS						
Land	4,072,882	-	-	-	4,072,882	-
Construction in progress	2,059,167	-	-	-	2,059,167	616,326
Other improvements	-	-	496,132	-	496,132	-
Towers, tanks, and pump stations	186,525,682	-	-	-	186,525,682	-
Vehicles	853,145	140,440	151,554	-	1,145,139	12,268,519
Machinery and equipment	5,492,410	12,359	422,231	1,039,720	6,966,720	5,906,680
Total capital assets	199,003,286	152,799	1,069,917	1,039,720	201,265,722	18,791,525
Less: accumulated depreciation	(87,748,207)	(15,010)	(573,102)	(764,571)	(89,100,890)	(10,675,287)
Capital assets, net of accumulated depreciation	111,255,079	137,789	496,815	275,149	112,164,832	8,116,238
Total noncurrent assets	111,255,079	137,789	496,815	275,149	112,164,832	8,116,238
TOTAL ASSETS	144,874,860	3,578,460	1,315,519	731,109	150,499,948	25,784,780
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	217,746	-	-	-	217,746	-
Deferred outflows of resources - pension	906,001	107,786	99,542	270,686	1,384,015	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,123,747	107,786	99,542	270,686	1,601,761	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts payable	1,078,880	338,427	48,222	81,360	1,546,889	386,848
Accrued liabilities	154,603	19,768	19,171	47,719	241,261	447
Retainage payable	82,914	-	-	-	82,914	-
Accrued compensated absences - current	394,524	78,511	51,258	111,670	635,963	-
Incurred but not reported claims	-	-	-	-	-	1,073,336
Payable from restricted assets:						
Revenue bonds payable - current	1,000,000	-	-	-	1,000,000	-
Capital leases payable - current	-	-	-	136,041	136,041	-
Accrued interest payable	56,361	-	-	-	56,361	-
Customer deposits payable	1,672,134	-	-	33,230	1,705,364	-
Total current liabilities	4,439,416	436,706	118,651	410,020	5,404,793	1,460,631
NONCURRENT LIABILITIES						
Revenue bonds payable	4,955,868	-	-	-	4,955,868	-
Capital leases payable	-	-	-	116,478	116,478	-
Net pension liability	2,171,577	251,346	232,698	631,898	3,287,519	-
Accrued compensated absences	13,867	4,428	3,795	27,941	50,031	-
Total noncurrent liabilities	7,141,312	255,774	236,493	776,317	8,409,896	-
TOTAL LIABILITIES	11,580,728	692,480	355,144	1,186,337	13,814,689	1,460,631
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	102,447	11,355	10,555	28,597	152,954	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	102,447	11,355	10,555	28,597	152,954	-
NET POSITION (DEFICIT)						
Net investment in capital assets	105,516,957	137,789	496,815	22,630	106,174,191	8,116,238
Restricted for revenue bond principal and interest	216,664	-	-	-	216,664	-
Unrestricted	28,581,811	2,844,622	552,547	(235,769)	31,743,211	16,207,911
TOTAL NET POSITION (DEFICIT)	$ 134,315,432	$ 2,982,411	$ 1,049,362	$ (213,139)	$ 138,134,066	$ 24,324,149

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 8**
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF PROPRIETARY FUNDS TO THE
GOVERNMENT – WIDE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2016

Amounts reported for business-type activities in the statement of net position are different because:	
Total net position per statement of net position	$ 138,134,066
Internal service funds are used by management to charge the costs of replacing machinery and equipment, fleet management, workers compensation, property liability loss, medical and dental insurance, and health claims to individual funds.	
The assets and liabilities of internal service funds are included in the governmental activities in the government-wide statement of net position. The amount shown represents the net receivable from internal service funds allocated to business-type activities since the adoption of GASB 34.	1,140,169
Total net position of business-type activities	$ 139,274,235

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 9**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	WATER AND SEWER	SOLID WASTE	DRAINAGE	GOLF COURSE	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES						
Charges for sales and services:						
Water sales	$ 20,832,880	$ -	$ -	$ -	$ 20,832,880	$ -
Sewer charges	14,233,692	-	-	-	14,233,692	-
Connection fees	208,154	-	-	-	208,154	-
Garbage collections	-	6,617,182	-	-	6,617,182	-
Service charges	698,672	-	45,764	2,684,923	3,429,359	12,739,418
Drainage fees	-	-	1,453,035	-	1,453,035	-
Miscellaneous	362,470	70,000	20,606	20,876	473,952	197,428
Total operating revenues	36,335,868	6,687,182	1,519,405	2,705,799	47,248,254	12,936,846
OPERATING EXPENSES						
Personnel services	4,751,662	564,532	577,140	1,518,865	7,412,199	314,414
Contractual services	23,558,947	5,176,928	91,925	989,186	29,816,986	12,546,764
Maintenance	392,650	3,243	367,850	119,793	883,536	-
Supplies	332,063	44,785	74,497	234,381	685,726	-
Depreciation	5,963,400	8,271	29,652	138,850	6,140,173	1,645,882
Other	252,662	72,510	5,074	87,966	418,212	-
Total operating expenses	35,251,384	5,870,269	1,146,138	3,089,041	45,356,832	14,507,060
OPERATING INCOME (LOSS)	1,084,484	816,913	373,267	(383,242)	1,891,422	(1,570,214)
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	174,115	17,916	5,086	8	197,125	110,432
Interest expense	(212,881)	-	-	-	(212,881)	-
Gain on disposal of capital assets	15,503	-	-	-	15,503	146,870
Total non-operating revenues (expenses)	(23,263)	17,916	5,086	8	(253)	257,302
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,061,221	834,829	378,353	(383,234)	1,891,169	(1,312,912)
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Development fees	1,535,771	-	-	-	1,535,771	-
Capital contributions	4,636,530	-	-	-	4,636,530	-
Transfers in	36,365	-	-	300,000	336,365	2,037,480
Transfers out	(3,840,953)	(942,976)	(342,508)	-	(5,126,437)	-
Total capital contributions and transfers	2,367,713	(942,976)	(342,508)	300,000	1,382,229	2,037,480
CHANGE IN NET POSITION	3,428,934	(108,147)	35,845	(83,234)	3,273,398	724,568
NET POSITION, BEGINNING OF YEAR	130,886,498	3,090,558	1,013,517	(129,905)	134,860,668	23,599,581
NET POSITION, END OF YEAR	$ 134,315,432	$ 2,982,411	$ 1,049,362	$ (213,139)	$ 138,134,066	$ 24,324,149

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 10**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Amounts reported for business-type activities in the statement of activities are different because:	
Net change in fund net position- total proprietary funds	$ 3,273,398
Internal service funds are used by management to charge the costs of replacing machinery and equipment, fleet management, workers compensation, property liability loss, medical and dental insurance, and health claims to individual funds.	
The net expenses of certain activities of internal service funds is allocated to business-type activities.	(139,917)
Change in net position of business-type activities	$ 3,133,481

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 11**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER AND SEWER	SOLID WASTE	DRAINAGE	GOLF COURSE	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 37,985,594	$ 6,687,706	$ 1,521,758	$ 2,705,793	$ 48,900,851	$ -
Cash received from transactions with other funds	-	-	-	-	-	13,183,908
Cash paid to employees for services	(4,595,844)	(532,900)	(552,300)	(1,461,579)	(7,142,623)	(314,414)
Cash paid for goods and services	(27,163,313)	(5,265,557)	(531,924)	(1,507,437)	(34,468,231)	(1,068,501)
Cash paid for claims	-	-	-	-	-	(11,484,404)
Net cash provided by (used in) operating activities	6,226,437	889,249	437,534	(263,223)	7,289,997	316,589
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	36,365	-	-	300,000	336,365	2,037,480
Transfers out to other funds	(3,840,953)	(942,976)	(342,508)	-	(5,126,437)	-
Net cash provided by (used in) non-capital financing activities	(3,804,588)	(942,976)	(342,508)	300,000	(4,790,072)	2,037,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on revenue bond maturities	(975,000)	-	-	-	(975,000)	-
Interest and fees paid on long-term debt	(222,712)	-	-	-	(222,712)	-
Acquisition and construction of capital assets	(3,693,166)	(140,440)	(146,135)	-	(3,979,741)	(2,509,572)
Proceeds from sale of capital assets	15,502	-	-	-	15,502	146,870
Capital lease payment	-	-	-	(134,737)	(134,737)	-
Contributions from developers	1,535,771	-	-	-	1,535,771	-
Net cash used in capital and related financial activities	(3,339,605)	(140,440)	(146,135)	(134,737)	(3,760,917)	(2,362,702)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(39,830)	(105,860)	(1,897)	-	(147,587)	(759,404)
Interest on investments	144,468	17,916	4,199	8	166,591	88,634
Net cash provided by (used in) investing activities	104,638	(87,944)	2,302	8	19,004	(420,423)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(813,118)	(282,111)	(48,807)	(97,952)	(1,241,988)	(429,056)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,121,599	1,458,701	401,131	548,856	14,530,287	7,486,006
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,308,481	$ 1,176,590	$ 352,324	$ 450,904	$ 13,288,299	$ 7,056,950
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Net operating income (loss)	$ 1,084,484	$ 816,913	$ 373,267	$ (383,242)	$ 1,891,422	$ (1,570,214)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	5,985,237	8,271	29,652	138,850	6,162,010	1,645,882
Change in assets and liabilities:						
Accounts receivable	1,649,726	2,965	2,353	(6)	1,655,038	-
Other receivables	-	(2,441)	-	-	(2,441)	-
Prepaids	-	-	-	-	-	(89,128)
Inventories	(60,398)	-	-	-	(60,398)	-
Deferred outflows - pension	(470,907)	(59,119)	(54,343)	(148,164)	(732,533)	-
Accounts payable	(2,641,198)	39,091	652	(87,145)	(2,688,600)	330,049
Retainage payable	8,319	-	-	-	8,319	-
Accrued liabilities	27,178	(7,182)	6,770	8,959	35,725	-
Net pension liability	617,011	77,462	(881)	194,134	887,726	-
Compensated absences	17,348	14,247	8,861	13,718	54,174	-
Deposits	17,271	-	-	2,075	19,346	-
Deferred inflows - pension	(7,634)	(958)	71,203	(2,402)	60,209	-
Total adjustments	5,141,953	72,336	64,267	120,019	5,398,575	1,886,803
Net cash provided by (used in) operating activities	$ 6,226,437	$ 889,249	$ 437,534	$ (263,223)	$ 7,289,997	$ 316,589
NON-CASH INVESTING ACTIVITIES:						
Change in the fair value of investments	$ (7,850)	$ -	$ -	$ -	$ (7,850)	$ -
NON-CASH FINANCING ACTIVITIES:						
Initiation of capital lease	$ -	$ -	$ -	$ 17,472	$ 17,472	$ -
Contributions of capital assets from developers	$ 4,636,530	$ -	$ -	$ -	$ 4,636,530	$ -
Reconciliation of total cash to the statement of net position						
Cash and cash equivalents - current	$ 10,035,456	$ 1,176,590	$ 352,324	$ 450,904	$ 12,015,274	$ 7,056,950
Restricted cash and cash equivalents	1,273,025	-	-	-	1,273,025	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,308,481	$ 1,176,590	$ 352,324	$ 450,904	$ 13,288,299	$ 7,056,950

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 12**
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2016

	ALLEN ECONOMIC DEVELOPMENT CORPORATION	ALLEN COMMUNITY DEVELOPMENT CORPORATION	TOTALS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 8,029,021	$ 3,803,073	$ 11,832,094
Investments	12,332,494	6,329,960	18,662,454
Sales tax receivable	1,689,157	1,689,157	3,378,314
Accounts receivable	700	11,503	12,203
Accrued interest receivable	70,328	38,290	108,618
Prepaid items	6,298	-	6,298
Total current assets	22,127,998	11,871,983	33,999,981
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	9,023,086	-	9,023,086
Furniture and fixtures	66,075	-	66,075
Improvements other than buildings	3,128,689	-	3,128,689
Total capital assets	12,217,850	-	12,217,850
Less: accumulated depreciation	(2,705,980)	-	(2,705,980)
Capital assets, net of accumulated depreciation	9,511,870	-	9,511,870
Total noncurrent assets	9,511,870	-	9,511,870
TOTAL ASSETS	31,639,868	11,871,983	43,511,851
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	729,120	729,120
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	729,120	729,120
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	269,488	400,397	669,885
Retainage payable	-	198,471	198,471
Accrued interest payable	55,177	56,741	111,918
Accrued and other liabilities	18,205	-	18,205
Revenue bonds payable - current	1,533,690	1,715,000	3,248,690
Total current liabilities	1,876,560	2,370,609	4,247,169
NONCURRENT LIABILITIES			
Revenue bonds payable (net of unamortized discounts)	17,934,747	29,520,000	47,454,747
Total noncurrent liabilities	17,934,747	29,520,000	47,454,747
TOTAL LIABILITIES	19,811,307	31,890,609	51,701,916
NET POSITION			
Investment in capital assets	9,511,870	-	9,511,870
Restricted for debt service	696,536	144,177	840,713
Unrestricted	1,620,155	(19,433,683)	(17,813,528)
TOTAL NET POSITION	$ 11,828,561	$ (19,289,506)	$ (7,460,945)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN, TEXAS **EXHIBIT 13**
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: COMPONENT UNITS: ALLEN ECONOMIC DEVELOPMENT CORPORATION	Net (Expense) Revenue and Changes in Net Position: COMPONENT UNITS: ALLEN COMMUNITY DEVELOPMENT CORPORATION	TOTALS
COMPONENT UNITS						
Allen Economic Development Corporation	$ 3,876,981	$ -	$ -	$ (3,876,981)	$ -	$ (3,876,981)
Allen Community Development Corporation	9,529,818	-	-	-	(9,529,818)	(9,529,818)
TOTAL COMPONENT UNITS	$ 13,406,799	$ -	$ -	$ (3,876,981)	$ (9,529,818)	$ (13,406,799)
General revenues:						
Sales taxes				$ 9,438,024	$ 9,438,024	$ 18,876,048
Interest on investments				131,755	76,388	208,143
Miscellaneous				25,023	193,161	218,184
Total general revenues				9,594,802	9,707,573	19,302,375
CHANGE IN NET POSITION				5,717,821	177,755	5,895,576
NET POSITION, beginning of year				6,110,740	(19,467,261)	(13,356,521)
NET POSITION, end of year				$ 11,828,561	$ (19,289,506)	$ (7,460,945)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ALLEN
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NOTES TO FINANCIAL STATEMENTS

CITY OF ALLEN
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Allen (the City) was incorporated in 1953, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. In 1979, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units.* The more significant accounting policies of the City are described below.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the City include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. The following entities were found to be component units of the City and are included in the basic financial statements:

Allen Economic Development Corporation (AEDC) - The AEDC is responsible for aiding, promoting and furthering economic development within the City.

Allen Community Development Corporation (ACDC) - The ACDC is responsible for supporting the improvements in community parks and recreation, streets and sidewalks, public safety and the community library.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

The members of both the AEDC's and ACDC's Boards of Directors are appointed by the City Council. Both the AEDC and ACDC are fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component services directly benefit the community rather than the City itself. The AEDC and ACDC are discretely presented as governmental fund types and do not issue separate financial statements.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

General Fund -

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Debt Service Fund -

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

General Capital Projects Fund -

The General Capital Projects Fund is used to account for resources used for the acquisition and/or construction of capital facilities by the City, except those financed by proprietary funds and not accounted for by another capital projects fund.

General Obligation Bond Capital Projects Fund -

To account for financing, acquisitions, and construction of improvements to City facilities and infrastructure not accounted for by other bond funds.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Enterprise Funds:

Water and Sewer Fund -

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities for the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Solid Waste Fund -

The Solid Waste Fund is used to account for the provision of solid waste services to residents of the City.

Drainage Fund -

The Drainage Fund is used to account for the provision of developing and maintaining proper drainage services to the residents of the City.

Golf Course Fund -

The Golf Course Fund is used to account for activities associated with the operations of The Courses at Watters Creek Golf Course purchased by the City in October 2004.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Internal Service Funds:

Replacement Fund -

The Replacement Fund is an internal service fund that accounts for the costs associated with the acquisition and replacement of vehicles, machinery, and equipment through the rental of such items to other departments.

Risk Management Fund -

The Risk Management Fund accounts for the costs associated with workers compensation, liability and property insurance and medical and dental programs established for City employees and their covered dependents.

Facility Maintenance Fund -

The Facility Maintenance Fund accumulates resources to address large repairs and aging facility infrastructure. The accumulation of resources will help address major building repairs and prevent building deterioration.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting - Continued

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The revenues susceptible to accrual are property and sales taxes, franchise taxes and interest income. Other receipts (special assessments) become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash, Cash Equivalents and Investments

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund's pro rata share of total pooled deposits.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Investments are recorded at amortized cost when original maturity at the time of purchase is less than one year or at market if greater than one year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Under the City's budgetary process, appropriations lapse at fiscal year-end. Encumbrances are reported as assigned fund balance because they do not constitute expenditures or liabilities.

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Central Appraisal District of Collin County at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the 2014 levy was based is $9,981,944,224. Taxes are due on October 1 and are delinquent after the following January 31.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2016 was $0.53 per $100 of assessed valuation. In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes - Continued

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective maintenance and operations tax rate, increased by 8% excluding other contractual obligations, adjusted for new improvements, plus the calculated debt tax rate is less than the proposed city tax rate, then qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than the rollback tax rate.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Transactions Between Funds and Between Funds and Component Units

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except transactions between the component units and the primary government are recorded as transfers.

Transactions between the component units and the primary government are accounted for as external transactions (revenues and expenses). During the fiscal year ended September 30, 2016, ACDC contributed $387,858 and AEDC contributed $101,780 to the General Fund for administrative costs and for the Allen U.S.A. Celebration. These revenues were reflected as grants and contributions for the primary government in the government-wide statement of activities.

Inventories and Prepaid Items

Inventories, which are expended when consumed, are recorded using the average cost method, and are valued at cost.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaid items are reported as nonspendable fund balance in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

Special Assessments

The City has the authority to make special assessments to property owners as part of the financing of capital improvements. Such assessments are recorded in the capital projects fund as receivables when assessed and are recognized as revenue when both the measurable and available criteria have been met (generally when collected).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	15 - 40 Years
Towers, tanks, and pump stations	30 Years
Infrastructure	10 - 50 Years
Machinery and equipment	3 - 15 Years
Vehicles	2 - 15 years
Library books	5 Years
Furniture and fixture	5 Years
Other improvements	2 - 30 Years

The City has established the Replacement Fund to account for the replacement of the City-owned vehicle, machinery, and equipment. Charges for use in the form of user payments are made by City departments to the Replacement Fund to provide for future acquisitions and replacements.

Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of vacation pay and sick leave based upon the years of service. Accumulated vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. In the statement of net position, the City reports the difference in expected and actual pension experience and the changes in actuarial assumptions. These are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. In the balance sheet for the governmental funds, the City reports unavailable revenue for property taxes not received within 60 days of year end.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows and outflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance

Fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The City classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items and long term receivables.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance – Continued

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes retirement of long term debt, construction programs, and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the City Council.

Assigned -- includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Manager or the Chief Financial Officer. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Minimum General Fund Unassigned Fund Balance - It is the goal of the City to achieve and maintain an unassigned General Fund balance that is within a range of 60 to 90 days of annual expenditures. If unassigned General Fund balance falls below the goal or has a deficiency, the City will establish a timeframe and work plan to replenish the fund balance. The work plan may include tax increases, fee increases, reduction of services, and/or reduction of expenditures (i.e. hiring freeze, salary freeze, or reduction of travel/training).

Deficit Fund Equity

At September 30, 2016, the Golf Course Fund had a deficit balance in net position of $213,139. This deficit will be eliminated when resources are obtained (e.g. from revenues and transfers in).

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Deposits – State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits.

The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2016, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits was $10,020,210 and the bank balance was $12,951,518. Of the bank balance, federal depository insurance covered $250,000 and the remainder was covered by collateral held by the pledging financial institution's agent in the City's name. The City's petty cash balance at September 30, 2016 was $46,025.

The carrying amount of deposits for ACDC and AEDC, discretely presented component units, were $398,062 and $1,034,757, respectively, with no corresponding bank balances as they are pooled with the City's deposits. AEDC's petty cash balance at September 30, 2016 was $100.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

Investments – State statutes authorize the City to invest in U.S. Government obligations, obligations of Texas and its agencies and fully collateralized repurchase agreements. The City, AEDC and ACDC invest in Texpool which is an investment fund authorized by the Texas Legislature and administered by the Texas State Treasury. The Texas Treasury Safekeeping Trust Company is trustee of Texpool and is a limited purpose trust company authorized pursuant to Texas Government Code. The purpose of Texpool is to allow for the pooling of public funds to provide a higher yield on the pooled investment than would be possible with the investment of the individual public entity's funds. Texpool investments are subject to the same investment policies maintained by the State Treasury for all state funds. The Legislature has authorized only certain investment instruments for public funds, including repurchase agreements, U.S. Treasury bills and bonds, securities of other U.S. Government agencies, commercial paper and other safe instruments.

The table below identifies the investment types that are authorized for the City by the Public Funds Investment Act. (Government Code Chapter 2256). The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Investment In One Issuer
Certificates of Deposit	5 years	None
Repurchase Agreements	5 years	None
U. S. Treasure Obligations	5 years	None
Municipal Investment Pool	5 years	None
Commercial Bank Savings Account	5 years	None
Money Market Mutual Fund	5 years	None
U. S. Government Securities (non-callable)	5 years	None
U. S. Government Securities (callable)	5 years	None
U. S. Government Sponsored Corp. Instruments: non-callable	5 years	None
U. S. Government Sponsored Corp. Instruments: callable	5 years	None
Commercial Paper	5 years	None
Bankers Acceptance	5 years	None
Guaranteed Investment Contracts	5 years	None
State or Local Governmental Obligations	5 years	None

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City's investments are measured as presented in the table below. The City's investment balances, weighted average maturity, and credit risk of such investments are as follows:

Investment Type	Primary Government	AEDC	ACDC	Total September 30, 2016	Significant Other Observable Inputs (Level 2)	% of Total Investments	Weighted Avg. Maturity (Years)	Credit Rating
Investments Measured at Amortized Cost:								
TexPool	$ 18,882,122	$ 6,994,163	$ 3,405,011	$ 29,281,296	$ -	21.48%	0.12	AAAm
Investments Measured at NAV:								
TexSTAR	3,001,969	-	-	3,001,969	-	2.20%	0.12	AAAm
Texas CLASS	15,018,061	-	-	15,018,061	-	11.02%	0.15	AAAm
Investments Measured at Cost:								
Certificates of Deposit	33,153,322	-	-	33,153,322	-	24.32%	0.35	n/a
Investments Subject to Fair Value:								
U.S. Agencies	36,341,967	12,048,014	6,183,944	54,573,925	54,573,925	40.03%	1.60	AA+
Municipal Bonds	858,116	284,481	146,016	1,288,613	1,288,613	0.95%	1.14	AA-
Total	$ 107,255,557	$ 19,326,658	$ 9,734,971	$ 136,317,186	$ 55,862,538			

Investment Pools and certificates of deposits are measured at amortized cost, net asset value, or cost and are not required to be reported by levels in the table.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of $1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Texas CLASS and TexSTAR investment pools are external investment pools measured at their net asset value. Texas CLASS and TexSTAR's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. Texas CLASS and TexSTAR have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

Texas CLASS (Texas Cooperative Liquid Assets Security System) was organized in March 1996 under a trust agreement executed by and among Texas local governmental entities in accordance with the Public Funds Investment Act, and the Texas Government Code and remains in full compliance with Chapter 2256. The fund is administered by Public Trust Advisors, LLC and is rated AAAm by Standard & Poor's Rating Services.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods of time are more likely to be subject to increased variability in their fair values due to changes in the market interest rates. The City manages its exposure to market price changes by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to less than eighteen months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and authorized investment pools.

Credit Risk

The City's Investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This type of risk is typically expressed in terms of the credit ratings issued by a nationally recognized statistical rating organization. The City reduces the risk of issuer default by limiting investments to those instruments allowed by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The City's investments in U.S. Agency securities (FFCB, FHLB, FHLMC, and FNMA) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. The City's investments in municipal bonds are rated AA- by Standard and Poor's and Aa3 by Moody's Investors Service. Investments in TexPool, TexSTAR, and Texas CLASS carried a credit rating of AAAm by Standard & Poor's as of September 30, 2016.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy controls concentration of credit risk by limiting the amount of investment with a single issuer to no more than 35% of the total portfolio with the exception of State approved investment pools and U.S. Government Securities. As of September 30, 2016, with the exception of funds invested in TexPool, TexSTAR, or Texas CLASS, the following table represents 5% or more of the City's investments.

Issuer	Investment Type	Reported Amount	Percentage
FNMA	Federal agency securities	$ 12,437,327	9.12%
FFCB	Federal agency securities	20,518,288	15.05%
FHLB	Federal agency securities	12,051,750	8.84%
FHLMC	Federal agency securities	9,566,560	7.02%

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy minimizes custodial credit risk by requiring pledged securities to be in the name of the City.

The Public Funds Investment Act does require that financial institutions secure deposits made by state or local governmental bodies by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities of the collateral must always remain at least equivalent to the bank balance less the FDIC insurance.

As of September 30, 2016, the City's deposits with financial institutions above the federal depository limits were fully collateralized.

NOTE 3. RECEIVABLES

Receivables at September 30, 2016 for both governmental and business-type activities, including the applicable allowances for uncollectible accounts, consist of the following:

	Property Tax	Sales Taxes	Accrued Accounts	Interest	Other	Total
General Fund	$ 324,315	$ 3,465,828	$ -	$ 122,106	$ 2,558,011	$ 6,470,260
Debt Service	127,960	-	-	31,041	12,826	171,827
General Capital Projects	-	-	-	77,819	953,655	1,031,474
G.O. Bond Fund	-	-	-	71,121	-	71,121
Nonmajor Governmental Funds	-	-	416,621	27,477	-	444,098
Water and Sewer	-	-	6,354,763	93,248	-	6,448,011
Solid Waste	-	-	277,948	9,557	146,887	434,392
Drainage	-	-	65,242	2,391	441	68,074
Golf Course	-	-	-	-	6	6
Internal Service Funds	-	-	-	60,421	-	60,421
Gross Receivables	452,275	3,465,828	7,114,574	495,181	3,671,826	15,199,684
Less: Allowance for Uncollectibles	(354,160)	-	(14,581)	-	-	(368,741)
Total Net Receivables, Primary Government	$ 98,115	$ 3,465,828	$ 7,099,993	$ 495,181	$ 3,671,826	$ 14,830,943
Component Units	$ -	$ 3,378,314	$ -	$ 108,618	$ 12,203	$ 3,499,135

The Water and Sewer Fund accounts receivable include unbilled charges for services rendered through September 30, 2016.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

Governmental Activities

	Balance September 30, 2015	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2016
Governmental Funds:-					
General capital assets not being depreciated:					
Land and land improvements	$ 131,973,606	$ 5,671,306	$ -	$ -	$ 137,644,912
Construction in progress	13,702,688	16,776,643	-	(8,036,560)	22,442,771
Total capital assets not being depreciated	145,676,294	22,447,949	-	(8,036,560)	160,087,683
General capital assets being depreciated:					
Buildings	131,330,347	325,000	(389,738)	674,062	131,939,671
Improvements other than buildings	484,877,368	6,748,871	-	7,290,537	498,916,776
Furniture and fixtures	7,973,242	-	(14,520)	-	7,958,722
Vehicles	2,477,078	74,113	(211,327)	-	2,339,864
Library books	1,862,785	-	(230,659)	-	1,632,126
Machinery and equipment	11,421,675	166,702	(295,927)	71,961	11,364,411
Total capital assets being depreciated	639,942,495	7,314,686	(1,142,171)	8,036,560	654,151,570
Less accumulated depreciation for:					
Buildings	(29,030,737)	(3,328,876)	347,276	-	(32,012,337)
Improvements other than buildings	(250,837,680)	(19,775,011)	-	-	(270,612,691)
Furniture and fixtures	(7,919,493)	(35,451)	14,520	-	(7,940,424)
Vehicles	(2,167,962)	(78,647)	188,379	-	(2,058,230)
Library books	(1,271,858)	(199,790)	230,659	-	(1,240,989)
Machinery and equipment	(10,097,495)	(457,458)	295,927	-	(10,259,026)
Total accumulated depreciation	(301,325,225)	(23,875,233)	1,076,761	-	(324,123,697)
Total general capital assets being depreciated, net	338,617,270	(16,560,547)	(65,410)	8,036,560	330,027,873
General capital assets, net	$ 484,293,564	$ 5,887,402	$ (65,410)	$ -	$ 490,115,556

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2015	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2016
Internal Service Funds:					
Internal service funds assets not being depreciated:					
Construction in progress	$ 706,187	$ 741,032	$ -	$ (830,893)	$ 616,326
Total capital assets not being depreciated	706,187	741,032	-	(830,893)	616,326
Internal service assets being depreciated:					
Vehicles	11,693,051	968,623	(393,155)	-	12,268,519
Machinery and equipment	4,335,153	799,917	(59,283)	830,893	5,906,680
Total internal service assets being depreciated	16,028,204	1,768,540	(452,438)	830,893	18,175,199
Less accumulated depreciation for:					
Vehicles	(7,388,520)	(1,182,430)	393,155	-	(8,177,795)
Machinery and equipment	(2,093,323)	(463,452)	59,283	-	(2,497,492)
Total accumulated depreciation	(9,481,843)	(1,645,882)	452,438	-	(10,675,287)
Total Internal service funds capital assets being depreciated, net	6,546,361	122,658	-	830,893	7,499,912
Total Internal service funds capital assets, net	7,252,548	863,690	-	-	8,116,238
Governmental activities capital assets, net	$ 491,546,112	$ 6,751,092	$ (65,410)	$ -	$ 498,231,794

Business-Type Activities

Water and Sewer Activities:					
Capital assets not being depreciated:					
Land	$ 4,072,882	$ -	$ -	$ -	$ 4,072,882
Construction in progress	2,182,389	3,118,139	-	(3,241,361)	2,059,167
Total capital assets not being depreciated	6,255,271	3,118,139	-	(3,241,361)	6,132,049
Capital Assets Being depreciated:					
Towers, tanks, & pumps stations	179,959,147	4,636,529	(1,311,355)	3,241,361	186,525,682
Machinery and equipment	5,232,338	550,584	(290,512)	-	5,492,410
Vehicles	867,955	24,445	(39,255)	-	853,145
Total capital assets being depreciated	186,059,440	5,211,558	(1,641,122)	3,241,361	192,871,237
Less accumulated depreciation for:					
Towers, tanks, & pumps stations	(78,905,658)	(5,487,351)	1,311,355	-	(83,081,654)
Machinery and equipment	(3,729,997)	(433,252)	290,512	-	(3,872,737)
Vehicles	(790,274)	(42,797)	39,255	-	(793,816)
Total accumulated depreciation	(83,425,929)	(5,963,400)	1,641,122	-	(87,748,207)
Total capital assets being depreciated, net	102,633,511	(751,842)	-	3,241,361	105,123,030
Water and sewer activities capital assets, net	$ 108,888,782	$ 2,366,297	$ -	$ -	$ 111,255,079

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2015	Additions	Dispositions	Balance September 30, 2016
Solid Waste Activities:				
Capital assets being depreciated:				
Machinery and equipment	$ 12,595	$ -	$ (236)	$ 12,359
Vehicles	12,923	140,440	(12,923)	140,440
Total capital assets being depreciated	25,518	140,440	(13,159)	152,799
Less accumulated depreciation for:				
Machinery and equipment	(6,975)	(1,249)	236	(7,988)
Vehicles	(12,923)	(7,022)	12,923	(7,022)
Total accumulated depreciation	(19,898)	(8,271)	13,159	(15,010)
Solid waste activities capital assets, net	$ 5,620	$ 132,169	$ -	$ 137,789
Drainage Activities:				
Capital assets being depreciated:				
Other improvements	$ 496,132	$ -	$ -	$ 496,132
Vehicles	31,379	134,734	(14,559)	151,554
Machinery and equipment	445,389	11,401	(34,559)	422,231
Total capital assets being depreciated	972,900	146,135	(49,118)	1,069,917
Less accumulated depreciation for:				
Other improvements	(153,300)	(12,265)	-	(165,565)
Vehicles	(31,379)	(6,736)	14,559	(23,556)
Machinery and equipment	(407,889)	(10,651)	34,559	(383,981)
Total accumulated depreciation	(592,568)	(29,652)	49,118	(573,102)
Drainage activities capital assets, net	$ 380,332	$ 116,483	$ -	$ 496,815
Golf Course Activities:				
Capital assets being depreciated:				
Machinery and equipment	$ 1,023,275	$ 16,445	$ -	$ 1,039,720
Total capital assets being depreciated	1,023,275	16,445	-	1,039,720
Less accumulated depreciation for:				
Machinery and equipment	(625,721)	(138,850)	-	(764,571)
Total accumulated depreciation	(625,721)	(138,850)	-	(764,571)
Golf course activities capital assets, net	397,554	(122,405)	-	275,149
Business-type activities capital assets, net	$109,672,288	$ 2,492,544	$ -	$ 112,164,832

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2015	Additions	Dispositions	Balance September 30, 2016
Component Units:				
Capital assets not being depreciated:				
Land	$ 8,993,086	$ 30,000	$ -	$ 9,023,086
Capital assets being depreciated:				
Improvements other than buildings	3,128,689	-	-	3,128,689
Furniture and fixtures	66,075	-	-	66,075
Total capital assets being depreciated	3,194,764	-	-	3,194,764
Less accumulated depreciation for:				
Improvements other than buildings	(2,486,573)	(153,333)	-	(2,639,906)
Furniture and fixtures	(66,075)	-	-	(66,075)
Total accumulated depreciation	(2,552,648)	(153,333)	-	(2,705,981)
Total capital assets being depreciated, net	642,116	(153,333)	-	488,783
Component units capital assets, net	$ 9,635,202	$ (123,333)	$ -	$ 9,511,869

Depreciation expense was charged as direct expense to programs of the primary government and component units as follows:

Governmental activities:	
General government	$ 1,073,541
Public safety	722,143
Public works	14,051,606
Culture and recreation	8,023,973
Community development	3,970
Total depreciation expense - General capital assets	23,875,233
Internal Service Funds	1,645,882
Total depreciation expense - Governmental activities	$ 25,521,115

NOTE 4. CAPITAL ASSETS – CONTINUED

Business-type activities:		
Water and sewer	$	5,963,400
Solid waste		8,271
Drainage utility		29,652
Golf course		138,850
Total depreciation expense - Business-type activities		6,140,173
Component units:		
Allen Economic Development Corporation	$	153,333

Outstanding commitments at September 30, 2016, under authorized construction contracts were $2,064,134. These outstanding commitments for capital projects will be funded from unexpended bond proceeds and additional general obligation bonds.

NOTE 5. LONG-TERM DEBT

At September 30, 2016, bonds payable consisted of the following individual issues:

General Obligation Bonds:		
$1,595,000 Series 2006 Bonds due in annual installments of $50,000 to $115,000 through August 15, 2026; interest at 4.0% to 4.20%.	$	960,000
$11,145,000 Series 2007 Bonds due in annual installments of $380,000 to $815,000 through August 15, 2027; interest at 4.0% to 5.0%.		525,000
$10,185,000 Series 2008 Bonds due in annual installments of $250,000 to $745,000 through August 15, 2028; interest at 3.5% to 4.60%.		495,000
$15,400,000 Series 2009 Bonds due in annual installments of $435,000 to $1,140,000 through August 15, 2028; interest at 2.5% to 4.5%.		3,955,000
$12,000,000 Series 2010 Bonds due in annual installments of $370,000 to $865,000 through August 15, 2029; interest at 2.0% to 4.0%.		9,025,000

NOTE 5. LONG-TERM DEBT – CONTINUED

General Obligation Bonds – continued

$8,785,000 Series 2010A Refunding Bonds due in annual installments of $110,000 to $970,000 through August 15, 2022; interest at 2.0% to 3.0%.	$ 5,380,000
$8,840,000 Series 2011 Refunding and Improvement Bonds due in annual installments of $255,000 to $795,000 through August 15, 2030; interest at 2.0% to 4.25%.	5,400,000
$13,865,000 Series 2012 Refunding and Improvement Bonds due in annual installments of $350,000 to $1,600,000 through August 15, 2024; interest at 2.0% to 5.0%.	11,075,000
$5,065,000 Series 2013 Bonds due in annual installments of $190,000 to $340,000 through August 15, 2032; interest at 2.0% to 3.5%.	4,430,000
$10,595,000 Series 2014 Bonds due in annual installments of $375,000 to $740,000 through August 15, 2033; interest at 2.0% to 4.0%.	9,770,000
$32,245,000 Series 2015 Refunding and Improvement Bonds due in annual installments of $160,000 to $3,605,000 through August 15, 2034; interest at 2.0% to 5.0%.	28,520,000
$6,910,000 Series 2016 Refunding Bonds due in annual installments of $775,000 to $1,000,000 through August 15, 2028; interest at 2.0% to 4.0%.	6,910,000
	$ 86,445,000

Certificates of Obligation:

$765,000 Series 2004B Combination Tax & Revenue Golf Course Certificates of Obligation due in annual installments of $25,000 to $70,000 through September 1, 2024; interest at 4.875% to 5.50%.	$ 450,000
	$ 450,000

Tax Notes:

$1,940,000 Series 2016 Tax Notes due in annual installments of $620,000 to $685,000 through August 15, 2019; interest at 2.0%.	$ 1,940,000
	$ 1,940,000

Water and Sewer Revenue Bonds:

$5,795,000 Series 2009 Refunding Bonds due installments $530,000 to $630,000 through June 1, 2019; interest at 1.2% to 3.5%.	1,825,000
$3,370,000 Series 2013 Refunding Bonds due installments $90,000 to $385,000 through June 1, 2025; interest at 2.0% to 3.0%.	3,025,000
$1,280,000 Series 2014 Refunding Bonds due installments $105,000 to $265,000 through June 1, 2024; interest at 2.1%.	910,000
	$ 5,760,000

NOTE 5. LONG-TERM DEBT – CONTINUED

AEDC Sales Tax Revenue Bonds:

$15,335,000 Series 2008 Sales Tax Revenue Bonds due in annual installments of $390,000 to $940,000 through September 1, 2032; interest at 3.50% to 4.50%.	$ 11,190,000
$1,605,000 Series 2010A Sales Tax Revenue Bonds due in annual installments of $440,000 to $595,000 beginning September 1, 2023 through September 1, 2025; interest at 4.00%.	1,605,000
$5,165,000 Series 2010B Sales Tax Revenue Bonds due in annual installments of $105,000 to $520,000 through September 1, 2023; interest at 1.35% to 5.10%.	2,900,000
	$ 15,695,000

AEDC Promissory Note:

$4,400,000 Promissory Note due in annual installments of $679,853 through June 11, 2022; interest at 2.00%.	$ 3,808,147
	$ 3,808,147

ACDC Sales Tax Revenue Bonds:

$31,235,000 Series 2016 Refunding Bonds due in annual installments of $1,715,000 to $3,825,000 through September 1, 2025; interest at 0.750% to 2.353%.	$ 31,235,000
	$ 31,235,000

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2016:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental Activities					
General obligation bonds	$ 95,690,000	$ 6,910,000	$ (16,155,000)	$ 86,445,000	$ 9,715,000
Certificates of obligation	490,000	-	(40,000)	450,000	45,000
Tax notes	-	1,940,000	-	1,940,000	685,000
Capital lease payable	-	1,700,000	-	1,700,000	450,000
Premiums (discounts)	7,258,749	1,039,609	(822,514)	7,475,844	-
Compensated absences	5,527,172	3,291,360	(3,193,148)	5,625,384	2,940,298
Net pension liability	18,740,452	7,791,882	-	26,532,334	-
Governmental activity long-term debt	$ 127,706,373	$ 22,672,851	$ (20,210,662)	$ 130,168,562	$ 13,835,298

NOTE 5. LONG-TERM DEBT – CONTINUED

The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Business-Type Activities					
Water and sewer revenue bonds	$ 6,735,000	$ -	$ (975,000)	$ 5,760,000	$ 1,000,000
Capital lease payable	370,811	16,445	(134,737)	252,519	136,040
Premiums (discounts)	225,889	-	(30,021)	195,868	-
Net pension liability	2,327,709	959,810	-	3,287,519	-
Compensated absences	631,820	414,091	(359,917)	685,994	635,964
Business-type activity long-term debt	$ 10,291,229	$ 1,390,346	$ (1,499,675)	$ 10,181,900	$ 1,772,004
Component Unit					
Allen Community Development Corporation					
Sales tax revenue bonds	$ 31,465,000	$ 31,235,000	$ (31,465,000)	$ 31,235,000	$ 1,715,000
Premiums (discounts)	(128,571)	-	128,571	-	-
ACDC long-term debt	$ 31,336,429	$ 31,235,000	$ (31,336,429)	$ 31,235,000	$ 1,715,000
Allen Economic Development Corporation					
Sales tax revenue bonds	$ 16,595,000	$ -	$ (900,000)	$ 15,695,000	$ 930,000
Note payable	4,400,000	-	(591,853)	3,808,147	603,690
Premiums (discounts)	(37,775)	-	3,065	(34,710)	-
AEDC long-term debt	$ 20,957,225	$ -	$ (1,488,788)	$ 19,468,437	$ 1,533,690
Component unit long-term debt	$ 52,293,654	$ 31,235,000	$ (32,825,217)	$ 50,703,437	$ 3,248,690

Advance Refunding

In 2016, the City issued $6,910,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $7,060,000 of general obligation bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 12 years by $956,040 and resulted in an economic gain of $770,369.

In 2016, the ACDC issued $31,235,000 of sales tax revenue refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $30,275,000 of sales tax revenue bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 16 years by $8,615,841 and resulted in an economic gain of $7,004,266.

Annual Requirements to Retire Debt Obligations

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Fund. The annual aggregate maturities for each bond type for the years subsequent to September 30, 2016, are on the following pages.

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest, are as follows:

	Governmental Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2017	$ 9,715,000	$ 3,311,287	$ 13,026,287
2018	9,015,000	3,020,828	12,035,828
2019	8,570,000	2,647,347	11,217,347
2020	7,810,000	2,297,565	10,107,565
2021	7,160,000	1,988,127	9,148,127
2022 - 2026	26,770,000	6,320,069	33,090,069
2027 - 2031	14,090,000	1,854,961	15,944,961
2032 - 2034	3,315,000	199,763	3,514,763
Total	$ 86,445,000	$ 21,639,947	$ 108,084,947

Certificates of Obligation

Annual debt service requirements to maturity for the Certificates of Obligation, including interest, are as follows:

	Governmental Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2017	$ 45,000	$ 24,150	$ 69,150
2018	45,000	21,810	66,810
2019	50,000	19,470	69,470
2020	55,000	16,820	71,820
2021	60,000	13,905	73,905
2022 - 2024	195,000	21,940	216,940
Total	$ 450,000	$ 118,095	$ 568,095

Tax Notes

Annual debt service requirements to maturity for the Tax Notes, including interest, are as follows:

	Governmental Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2017	$ 685,000	$ 35,782	$ 720,782
2018	620,000	25,100	645,100
2019	635,000	12,700	647,700
Total	$ 1,940,000	$ 73,582	$ 2,013,582

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Water and Sewer Revenue Bonds

Revenue bond debt service requirements to maturity, including interest, are as follows:

	Business-type Activities		
Fiscal Year Ending September 30	Principal	Interest	Total
2017	$ 1,000,000	$ 169,082	$ 1,169,082
2018	1,040,000	141,674	1,181,674
2019	1,070,000	108,426	1,178,426
2020	455,000	74,176	529,176
2021	465,000	61,573	526,573
2022 - 2025	1,730,000	113,794	1,843,794
Total	$ 5,760,000	$ 668,725	$ 6,428,725

AEDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest, are as follows:

	AEDC		
Fiscal Year Ending September 30	Principal	Interest	Total
2017	$ 930,000	$ 662,125	$ 1,592,125
2018	970,000	627,500	1,597,500
2019	1,010,000	590,288	1,600,288
2020	1,050,000	549,466	1,599,466
2021	1,090,000	505,579	1,595,579
2022 - 2026	5,580,000	1,792,123	7,372,123
2027 - 2031	4,125,000	781,090	4,906,090
2032	940,000	42,300	982,300
Total	$ 15,695,000	$ 5,550,471	$ 21,245,471

AEDC Note Payable

The note payable debt service requirements to maturity, including interest, are as follows:

	AEDC		
Fiscal Year Ending September 30	Principal	Interest	Total
2017	$ 603,690	$ 76,163	$ 679,853
2018	615,763	64,090	679,853
2019	628,080	51,773	679,853
2020	640,640	39,213	679,853
2021	653,454	26,399	679,853
2022	666,520	13,331	679,851
Total	$ 3,808,147	$ 270,969	$ 4,079,116

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

ACDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest, are as follows:

	ACDC		
Fiscal Year Ending September 30	Principal	Interest	Total
2017	$ 1,715,000	$ 694,668	$ 2,409,668
2018	1,715,000	695,581	2,410,581
2019	1,735,000	676,819	2,411,819
2020	1,755,000	654,489	2,409,489
2021	1,785,000	626,866	2,411,866
2022 - 2026	9,470,000	2,585,399	12,055,399
2027 - 2031	10,725,000	1,335,413	12,060,413
2032	2,335,000	74,090	2,409,090
Total	$ 31,235,000	$ 7,343,325	$ 38,578,325

A schedule of authorized but unissued direct General Obligation Bonds as of September 30, 2016, is as follows:

Purpose	Date of Authorization	Original Amount Authorized	Issued in Prior Fiscal Years	Issued in 2015	Unissued Balance
Performing Arts Center	11/5/2002	$ 19,500,000	$ 2,815,000	$ -	$ 16,685,000
Service Center Facilities	5/12/2007	14,500,000	12,500,000	-	2,000,000
		$ 34,000,000	$ 15,315,000	$ -	$ 18,685,000

Water and Sewer Revenue Bonds

The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Enterprise Fund for the retirement of its outstanding revenue bonds, including interest thereon, and is required to maintain debt service funds and bond reserve funds for all such bonds outstanding.

Funds aggregating $216,664 at September 30, 2016 are restricted within the Water and Sewer Enterprise Fund for servicing of the debt. The respective bond indentures require the City to make equal monthly payments to the restricted accounts to accumulate the annual principal and interest requirements as they become due.

Water and Sewer Revenue Bonds and Refunding Bonds are payable solely from and, equally secured by, a first lien on and pledge of the net revenue of the City's combined waterworks and sanitary sewer systems.

The ordinances authorizing the Revenue Bonds stipulate that the City will deposit, in addition to principal and interest requirements, certain amounts in a reserve fund. Amounts in the reserve fund are to be used to pay principal and interest on outstanding bonds at any time sufficient funds are not available in the bond interest and redemption fund. The bond indentures require that the City accumulate reserves to an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system. Such reserves are funded up to the required level in equal monthly installments over a maximum five-year period, as defined in the indentures. Amounts in the reserve fund at September 30, 2016 of $1,273,025 are adequate to meet the reserve requirements.

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Water and Sewer Revenue Bonds – Continued

At September 30, 2016, restricted assets, which include Water and Sewer Revenue Bond Debt Service and Reserve Funds, were as follows:

Revenue bond debt service	$ 883,176
Revenue bond reserve fund	389,849
	$ 1,273,025

Net position reserved for Water and Sewer revenue bond retirement is detailed as follows:

Restricted assets, revenue bond debt	
Service and reserve funds	$ 1,273,025
Accrued interest, payable from restricted assets	(56,361)
Current maturities of revenue bonds, payable from restricted assets	(1,000,000)
Reserved for revenue bond principal and interest	$ 216,664

The City is in compliance with the various requirements of the bond ordinances. This covenant requires that operating revenues, as defined, cover the current debt requirement including principal and interest by a minimum of 1.2 times. Such coverage at September 30, 2016 was 1.205 times.

Capital Leases

The City has acquired office equipment, a building, and land under various leases accounted for as capital leases. As of September 30, 2016, the capitalized costs of the governmental leased property and business-type leased property under capital leases were $1,700,000 and $649,385, respectively.

The terms of the leases range from 3 - 5 years and call for monthly and annual payments over the life of the leases. The future minimum lease payments under the capitalized leases and the net present value of the future minimum lease payments at September 30, 2016 are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities		
September 30	Principal	Total	Principal	Interest	Total
2017	$ 450,000	$ 450,000	$ 136,040	$ 7,013	$143,053
2018	450,000	450,000	93,168	2,146	95,314
2019	800,000	800,000	16,288	561	16,849
2020	-	-	7,023	78	7,101
Total	$ 1,700,000	$1,700,000	$ 252,519	$ 9,798	$262,317

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Operating Leases

The City leases machinery and equipment under non-cancelable operating leases. Total costs for such leases were $398,200 for the fiscal year ended September 30, 2016. Future minimum lease payments, by year and in the aggregate, under the non-cancelable lease commitments are as follows:

Fiscal Year Ending September 30	Amount
2017	$ 230,014
2018	209,264
2019	92,277
2020	41,659
2021	20,830
Total	$ 594,044

NOTE 6. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund operating transfers for fiscal year 2016 were as follows:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ 4,556,699	$ 6,119,341
General Capital Projects	4,242,639	-
General Obligation Bonds	-	265,149
Debt Service Fund	250,000	-
Total Major Governmental Funds	9,049,338	6,384,490
Nonmajor Governmental Funds:		
Grants and Special Revenue	87,744	-
Total Nonmajor Governmental Funds	87,744	-
Major Enterprise Funds		
Water and Sewer Fund	36,365	3,840,953
Solid Waste Fund	-	942,976
Drainage Utility Fund	-	342,508
Golf Course Fund	300,000	-
Total Major Enterprise Funds	336,365	5,126,437
Internal Service Funds:		
Facility Maintenance Fund	1,592,105	-
Risk Management Fund	445,375	-
Total Internal Service Funds	2,037,480	-
Total Transfers	$ 11,510,927	$ 11,510,927

NOTE 6. INTERFUND TRANSFERS – CONTINUED

Transfers are used to 1) move amounts from funds receiving administrative and operating support to the appropriate fund incurring the administrative and operating costs and 2) to move unrestricted funds to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and to support cash financing of capital projects.

The fund financial statements show:

- Governmental funds: Total transfers in of $9,137,082 include funding for capital projects, grant matching funds, and reimbursement for operating and administrative costs incurred to provide technology, procurement, human resources, building maintenance, financial and administrative support. Transfers out totaling $6,384,490 include cash financing of capital projects, support of programs recorded in non-major governmental funds and internal service funds.

- Proprietary funds: Total enterprise funds transfers in of $336,365 mainly represent amounts transferred into the Golf Course to support operations. The total transfer out of $5,126,437 represents the amount provided by other funds for technology, procurement, human resources, building maintenance, financial and administrative support. The internal service funds total transfer in of $2,037,480 represents the amounts needed for repairs of aging facility infrastructure, and administrative support.

NOTE 7. RETIREMENT PLAN

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

NOTE 7. RETIREMENT PLAN – CONTINUED

Beginning in 1993, the City granted an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1993, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating
Annuity Increase to retirees	70% of CPI Repeating

The City does not participate in Social Security.

Employees covered by benefit terms:

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	163
Inactive employees entitled to, but not yet receiving benefits	360
Active employees	710
Total	1,233

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.19% and 13.71% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were $6,181,797, and were equal to the required contribution.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

NOTE 7. RETIREMENT PLAN – CONTINUED

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. In addition a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

NOTE 7. RETIREMENT PLAN – CONTINUED

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	$ 148,832,394	$ 127,764,233	$ 21,068,161
Changes for the year:			
Service cost	7,377,440	-	7,377,440
Interest	10,562,818	-	10,562,818
Change of benefit terms	-	-	-
Difference between expected and actual experience	196,259	-	196,259
Changes of assumptions	(231,950)	-	(231,950)
Contributions - employer	-	6,063,051	(6,063,051)
Contributions - employee	-	3,021,766	(3,021,766)
Net investment income	-	188,559	(188,559)
Benefit payments, including refunds of employee contributions	(3,247,435)	(3,247,435)	-
Administrative expense	-	(114,830)	114,830
Other changes	-	(5,671)	5,671
Net changes	14,657,132	5,905,440	8,751,692
Balance at 12/31/2015	$ 163,489,526	$ 133,669,673	$ 29,819,853

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 57,437,403	$ 29,819,853	$ 7,563,825

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

NOTE 7. RETIREMENT PLAN – CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of $7,837,782.

At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 161,767	$ (1,192,401)
Changes in actuarial assumptions	-	(191,186)
Difference between projected and actual investment earnings	7,895,066	-
Contributions subsequent to the measurement date	4,518,885	-
Total	$ 12,575,718	$ (1,383,587)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $4,518,885 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the city's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31:	
2016	$ 1,742,284
2017	1,742,284
2018	1,742,283
2019	1,450,726
2020	(4,331)
Total	$ 6,673,246

NOTE 8. WATER AND SEWER CONTRACTS

In 1972, the City entered into a forty-year contract with the North Texas Municipal Water District (District) for the purchase of water. Under the terms of this contract, the City is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During 1998, the City was annexed into the North Texas Municipal Water District, which guaranteed the City a minimum volume of water. During the year ended September 30, 2016, the cost of water purchased under this contract was $13,765,666.

In 1978, the City entered into a contract with the District for the transportation, treatment and disposal of sanitary sewage and other waste. The contract will continue in force at least until all bonds issued by the District pursuant to the contract have been paid in full and will remain in force thereafter throughout the useful life of the District's sanitary sewer system. The contract requires the City to pay varying amounts based on the costs associated with sewage transported and/or treated and disposed of. The cost includes the City's proportionate share of the District's operating and maintenance expenses and related debt service costs. During fiscal year 2016, the cost for transportation, treatment and disposal of sewage and other wastes was $7,630,296.

NOTE 9. DEFERRED COMPENSATION PLAN

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result at September 30, 2016, the deferred compensation investments are not reported in the City's financial statements.

NOTE 10. RISK MANAGEMENT

Health and Dental Insurance

The City provides health and dental insurance benefits to City employees under a modified self-insurance plan. Under the plan, the City and the employee pay a portion of a predetermined monthly premium, which is based on the estimated claims cost for the plan and the extent of medical coverage selected by the employee. To cover annual costs, premium payments are reported as operating revenues of the Risk Management Fund and operating expenditures/expenses of the participating funds.

A commercial insurance carrier is utilized to adjudicate and pay medical claims on behalf of the City. The City's medical claims liability is limited by a stop loss insurance policy covering an individual's medical claims in excess of $125,000 per plan year. Aggregate stop loss coverage of $2,000,000 per plan year provides protection to limit claim liability for the plan as a whole. The liabilities for insurance claims reported are based on GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10. RISK MANAGEMENT – CONTINUED

Health and Dental Insurance – Continued

These liabilities include an estimate for incurred but not reported claims. The estimated amount at September 30, 2016 was $1,073,336. Changes in the Risk Management liability during the past five fiscal years were as follows:

Year Ending September 30,	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2012	$ 725,359	$ 6,631,188	$ 6,524,565	$ 831,982
2013	831,982	5,691,732	5,711,304	812,410
2014	812,410	7,054,662	6,931,808	935,264
2015	935,264	7,393,719	7,345,549	983,434
2016	983,434	8,076,640	7,986,738	1,073,336

Workers Compensation, Property and Liability Insurance

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement, and errors/omissions), and property insurance. The cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience. As claims arise they are submitted to and paid by TMLIRP. To cover annual costs, premium payments are reported as operating revenues of the Risk Management Fund and operating expenditures/expenses of the participating funds.

The City has a workers' compensation deductible of $25,000 per occurrence, with an annual aggregate deductible of $282,222. During 2016, the City contributed $423,084 to the Risk Management Fund for workers' compensation.

The City has various levels of insurance deductibles for property, liability, and automobile insurance with the maximum deductible set at $10,000. All insured claims are paid by TMLIRP, less the appropriate deductible. During 2016, the City contributed $611,078 for property and general liability.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Program Description

In addition to the pension benefits described in Note 7, as required by state law the City makes health care benefits available to all retired employees through a single-employer defined benefit medical plan. Retirees must make a one-time irrevocable decision to continue benefits at the time of retirement, after that their eligibility for this benefit ends. The retiree benefit consists of medical, dental and vision care until age 65.

Due to the significant increase in retiree premium costs, the City elected to create a separate plan for retirees effective January 1, 2013. Employees who retired on or before December 31, 2012, were "grandfathered" and allowed to pay blended medical premium rates the same as COBRA participants which are the total cost of premiums (no City subsidy) plus 2% administration fees. They will also be subject to the same rate increases as COBRA participants. Retirees retiring on or after January 1, 2013, can elect health care coverage but will be required to pay the (higher) unblended rate.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Program Description – Continued

Current OPEB benefits are made on a pay-as-you-go basis from the Risk Management Fund. In 2016, retirees paid $107,654 in the form of premiums and incurred $303,250 in expenses.

Funding Policy

In October 2014, an actuarial study update was completed. This study estimated the actuarial accrued liability decreased from $2,790,177 to $970,603; therefore, the annual required contribution (ARC) decreased to ($25,684). Employees retiring on or after January 1, 2013 can elect health care coverage but will be required to pay a higher, unblended rate. In March 2011, the City established a Section 115 Trust (the Trust) to comply with the requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (OPEB), for the purpose of funding and providing certain benefits to its eligible retirees and dependents. The single-employer defined benefit plan is created by City ordinance and appoints the City Manager as Plan Administrator for the program. The trust was established with Public Agency Retirement Services Company (PARS). Prior to establishment of the trust, the ARC was contributed to the Risk Management Fund where all medical costs are incurred. Net position of $4,488,554 available in the Risk Management Fund exceeds the $970,603 actuarial accrued liability, therefore, OPEB costs will continue to be covered by the Risk Management Fund until the funded ratio of the trust is more positive. The City has budgeted for annual actuarial study updates to determine if funding requirements need to be changed.

Annual OPEB costs and NET OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Annual required contribution (ARC)	$	(25,684)
Interest on net OPEB obligation		(17,839)
Adjustment to the ARC		23,209
Annual OPEB cost		(20,314)
Contributions made		(195,596)
Increase in OPEB obligation (asset)		(215,910)
Net OPEB obligation (asset), beginning of the year		(356,773)
Net OPEB obligation (asset), end of the year	$	(572,683)

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation – Continued

Three-Year Trend Information:

Fiscal Year	Annual OPEB Cost	Actual Contribution Made	Percentage of OPEB Contributed	Net OPEB Asset
2014	$ 218,877	$ 220,000	101%	$ (115,284)
2015	$ (23,949)	$ 217,540	908%	$ (356,773)
2016	$ (20,314)	$ 195,596	963%	$ (572,683)

Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Significant methods and assumptions used for this were:

Investment return	8.99%
Discount Rate	5.00%
Amortization Method/Period	level dollar, open, 30 years
Health Care Cost Trend Rate	Avg. 5.8% Yrs 1-10, 60.08% Yrs 11-20, 44.1%
Retirement Rates	Ages 50-55-2%, 56-60-5%, 60-64-15%, 65+ 100%
Retiree/Spouse Participation Rate	20%/40%
Mortality	RP 2000 EE/Combined
Actuarial Value of Assets	Market value on valuation date
Actuarial Cost Method	Projected unit credit
Inflation Rate	5.8% Medical inflation and 5.52% dental inflation

Schedule of Funding Information

Actuarial valuation date	10/1/14
Actuarial value of assets	$1,365,426
Actuarial Accrued Liability (AAL)	$970,603
Funded Ratio	140.7
Unfunded Actuarial Accrued Liability (UAAL)	($394,823)
Annual covered payroll	$41,371,001
UAAL as % of covered payroll	(.010%)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation – Continued

Supplemental Death Benefits Plan:

Program Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). Retired employees are insured for $7,500 and this coverage is reported as an "other postemployment benefit" or (OPEB).

Contributions and Funding Policy

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The City's contributions to the TMRS SDBF for retiree's for the years ended 2016, 2015, and 2014 were $60,990, $56,423, and $50,597, respectively, which equals the required contributions (ARC) each year.

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

Federal Grants The City participates in a number of State and Federal assisted grant programs. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Economic Development Grant The City has several economic development agreements whereby it has agreed to pay a grant(s) to a developer and/or business in return for the design, construction, operating and/or managing of the business within the City of Allen. All grants are performance based and do not constitute a liability on the City's financial records.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALLEN
PRIDE
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CITY OF ALLEN, TEXAS **EXHIBIT A-1**
SCHEDULE OF OPEB FUNDING PROGRESS AND CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Required Supplementary Information
Schedule of Other Postemployment Benefits
Funding Progress and Contributions
Last Three Valuation Years (unaudited)

Actuarial Valuation Date	Fiscal Year	Value of Assets	AAL*	UAAL**	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2012	2014	1,065,372	2,790,177	1,724,805	38.2%	35,875,962	4.8%
10/1/2014	2015	1,365,426	970,603	(394,823)	140.7%	40,214,969	-1.0%
10/1/2014	2016	1,365,426	970,603	(394,823)	140.7%	41,371,001	-1.0%

*Actuarial Accrued Liability
**Unfunded Actuarial Accrued Liability

CITY OF ALLEN, TEXAS **EXHIBIT A-2**
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT YEARS ENDED DECEMBER 31, 2015 AND 2014

	2014*	2015*
Total pension liability		
Service cost	$ 6,407,942	$ 7,377,440
Interest (on the total pension liability)	9,749,386	10,562,818
Changes in benefit terms	-	-
Difference in expected and actual experience	(1,791,341)	196,259
Change in assumptions	-	(231,950)
Benefit payments, including refunds of employee contributions	(3,213,118)	(3,247,435)
Net change in total pension liability	11,152,869	14,657,132
Total pension liability, beginning of year	137,679,525	148,832,394
Total pension liability, ending of year	$ 148,832,394	$ 163,489,526
Plan fiduciary net position		
Contributions -employer	$ 5,455,902	$ 6,063,051
Contributions -employee	2,754,779	3,021,766
Net investment income	6,648,346	188,559
Benefit payments, including refunds of employee contributions	(3,213,118)	(3,247,435)
Administrative expense	(69,397)	(114,830)
Other	(5,706)	(5,671)
Net change in plan fiduciary net position	11,570,806	5,905,440
Plan fiduciary net position - beginning	116,193,427	127,764,233
Plan fiduciary net position - ending	$ 127,764,233	$ 133,669,673
Net pension liability - ending	$ 21,068,161	$ 29,819,853
Plan fiduciary net position as a % of total pension liability	83.51%	77.69%
Covered employee payroll	$ 39,335,988	$ 43,142,910
Net pension liability as a % of covered employee payroll	53.56%	69.12%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF ALLEN, TEXAS **EXHIBIT A-3**
SCHEDULE OF CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2015*	2016*
Actuarially determined contributions	$ 5,785,220	$ 6,028,939
Actual contributions	(5,797,651)	(6,181,797)
Contributions deficiency (excess)	$ (12,431)	$ (152,858)
City covered employee payroll	$ 40,985,314	$ 43,564,466
Ratio of actual contributions to covered payroll amount	14.15%	14.19%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date	Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

There were no benefit changes during the year.

CITY OF ALLEN, TEXAS **EXHIBIT A-4**
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Ad valorem taxes, penalties and interest	$ 41,239,370	$ 41,136,040	$ 40,938,998	$ (197,042)
Municipal sales tax	18,552,221	18,549,549	18,821,587	272,038
Franchise taxes	7,439,910	7,280,945	7,295,931	14,986
Licenses, permits and fees	1,952,700	2,589,100	2,891,704	302,604
Charge for services	11,275,767	12,308,268	12,368,922	60,654
Fines	1,868,382	1,686,182	1,579,628	(106,554)
Gifts and contributions	600,306	600,838	832,211	231,373
Investment earnings	162,000	194,400	245,985	51,585
Miscellaneous	1,835,973	2,024,495	2,377,546	353,051
Total revenues	84,926,629	86,369,817	87,352,512	982,695
EXPENDITURES				
Current:				
General government	23,909,552	24,213,047	22,537,520	1,675,527
Public safety	32,589,848	32,713,183	32,660,050	53,133
Public works	4,175,119	3,575,069	3,377,872	197,197
Culture and recreation	23,368,199	24,372,354	23,150,698	1,221,656
Community development	2,565,586	2,570,086	2,362,059	208,027
Total expenditures	86,608,304	87,443,739	84,088,199	3,355,540
Excess (deficiency) of revenues over (under) expenditures	(1,681,675)	(1,073,922)	3,264,313	4,338,235
OTHER FINANCING SOURCES (USES)				
Transfers in	4,556,699	4,556,699	4,556,699	-
Transfers out	(702,426)	(2,345,402)	(6,119,341)	(3,773,939)
Sale of capital assets	-	-	10,735	10,735
Total other financing sources (uses)	3,854,273	2,211,297	(1,551,907)	(3,763,204)
NET CHANGE IN FUND BALANCE	2,172,598	1,137,375	1,712,406	575,031
FUND BALANCES, BEGINNING OF YEAR	20,388,622	20,388,622	20,388,622	-
FUND BALANCES, END OF YEAR	$ 22,561,220	$ 21,525,997	$ 22,101,028	$ 575,031

BUDGETARY INFORMATION

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.

4. Annual budgets are legally adopted for the General Fund and Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is not employed for proprietary funds. However, the City does adopt an annual budget for those funds for managerial control.

5. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures (appropriations) in excess of budgeted expenditures without approval of the City Council. Therefore, the legal level of budgetary control is the combined total budgeted expenditures for all fund types.

6. Formal budgetary integration is not employed for Special Revenue Funds, Proprietary Funds or Capital Projects Funds. However, the City does adopt an annual budget for those funds for managerial control.

7. Budgetary data for the Special Revenue Funds and Capital Projects Funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective grant or project and not on an annual basis. Budgetary information for the Proprietary Funds has not been presented since reporting on such budgets is not legally required.

The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual — General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND
The General Fund is used to account for resources associated with traditional governmental functions that are not required legally or by sound financial management to be accounted for in another fund.

DEBT SERVICE FUND
The Debt Service Fund is used to account for the accumulation of resources for and the payment of general obligation bonds, certificate of obligation bonds, and interest from governmental resources.

MAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by proprietary funds and trust funds. The following Capital Projects Funds are classified as major funds:

General Capital Projects Fund – To account for the acquisition and/or construction of capital facilities and infrastructure, except those financed by proprietary and trust funds and not accounted for by the other capital project funds. Proceeds from nonrecurring revenue sources are allocated to this fund.

General Obligation Bond Fund – To account for bond proceeds used for financing, acquisitions, and construction of improvements to City facilities and infrastructure not accounted for by other bond funds. Proceeds from the sale of general obligation bonds provide financing for this fund.

CITY OF ALLEN, TEXAS **EXHIBIT B-1**
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 9,331,023	$ 7,478,648
Investments	12,229,724	13,151,416
Receivables:		
Ad valorem taxes (net of allowances for uncollectibles of $246,560 in 2016 and $173,266 in 2015)	77,755	72,979
Sales taxes	3,465,828	3,063,112
Other, net	2,558,011	2,288,090
Accrued interest	122,106	75,870
Prepaid items	2,129	1,486
TOTAL ASSETS	$ 27,786,576	$ 26,131,601
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 3,605,104	$ 3,948,273
Accrued liabilities	1,994,989	1,719,327
Unearned revenue	7,700	2,400
TOTAL LIABILITIES	5,607,793	5,670,000
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue- property taxes	77,755	72,979
TOTAL DEFERRED INFLOWS OF RESOURCES	77,755	72,979
FUND BALANCES		
Nonspendable		
Prepaid items	2,129	1,486
Restricted		
Court technology	15,770	11,861
PEG fees	811,867	674,527
Photo red light enforcement	21,737	34,790
Cemetery trust	58,534	58,007
Assigned		
Facilities maintenance	-	914,805
Other	-	6,225
Unassigned	21,190,991	18,686,921
TOTAL FUND BALANCES	22,101,028	20,388,622
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 27,786,576	$ 26,131,601

CITY OF ALLEN, TEXAS **EXHIBIT B-2**
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
REVENUES		
Ad valorem taxes, penalties and interest	$ 40,938,998	$ 36,623,546
Franchise taxes	7,295,931	7,412,447
Municipal sales tax	18,821,587	17,704,665
Licenses, permits and fees	2,891,704	2,993,829
Charges for services	12,368,922	11,454,620
Fines	1,579,628	1,805,230
Gifts and contributions	832,211	797,103
Intergovernmental	128,237	11,826
Investment earnings	245,985	204,791
Miscellaneous	2,249,309	1,517,173
Total revenues	87,352,512	80,525,230
EXPENDITURES		
Current:		
General government	22,537,520	22,982,774
Public safety	32,660,050	30,454,701
Public works	3,377,872	3,428,366
Culture and recreation	23,150,698	21,134,475
Community development	2,362,059	2,199,241
Debt service:		
Principal retirement	-	7,537
Interest and fiscal charges	-	23
Total expenditures	84,088,199	80,207,117
Excess of revenues over expenditures	3,264,313	318,113
OTHER FINANCING SOURCES (USES)		
Transfers in	4,556,699	5,353,099
Transfers out	(6,119,341)	(4,452,116)
Sale of capital assets	10,735	17,086
Total other financing sources (uses)	(1,551,907)	918,069
NET CHANGE IN FUND BALANCES	1,712,406	1,236,182
FUND BALANCE, BEGINNING OF YEAR	20,388,622	19,152,440
FUND BALANCE, END OF YEAR	$ 22,101,028	$ 20,388,622

CITY OF ALLEN, TEXAS **EXHIBIT B-3**
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 538,398	$ 1,270,446
Investments	672,136	667
Receivables:		
Ad valorem taxes (net of allowances for uncollectibles of $107,600 in 2016 and $85,258 in 2015)	20,360	26,316
Accrued interest receivable	31,041	22,146
Other receivable	12,826	-
Total assets	$ 1,274,761	$ 1,319,575
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$ 20,360	$ 26,316
Total deferred inflows of resources	20,360	26,316
FUND BALANCE		
Restricted for debt service	1,254,401	1,293,259
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 1,274,761	$ 1,319,575

CITY OF ALLEN, TEXAS **EXHIBIT B-4**
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
REVENUES		
Ad valorem taxes	$ 12,463,038	$ 13,010,674
Investment earnings	68,221	39,926
Total revenues	12,531,259	13,050,600
EXPENDITURES		
Principal retirement	9,135,000	9,315,000
Interest and fiscal charges	3,801,812	4,247,446
Total expenditures	12,936,812	13,562,446
Deficiency of revenues under expenditures	(405,553)	(511,846)
OTHER FINANCING SOURCES (USES)		
Issuance of refunding bonds	6,910,000	24,815,000
Premium on issuance of bonds	995,753	3,239,156
Payment to refund bond escrow agent	(7,789,058)	(27,782,010)
Transfers in	250,000	643,257
Total other financing sources (uses)	366,695	915,403
NET CHANGE IN FUND BALANCES	(38,858)	403,557
FUND BALANCES, BEGINNING OF YEAR	1,293,259	889,702
FUND BALANCES, END OF YEAR	$ 1,254,401	$ 1,293,259

CITY OF ALLEN, TEXAS **EXHIBIT B-5**
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem taxes	$ 12,567,803	$ 12,542,540	$ 12,463,038	$ (79,502)
Investment earnings	36,500	43,800	68,221	24,421
Total revenues	12,604,303	12,586,340	12,531,259	(55,081)
EXPENDITURES				
Principal retirement	9,135,000	9,135,000	9,135,000	-
Interest and fiscal charges	3,666,457	3,666,462	3,801,812	(135,350)
Total expenditures	12,801,457	12,801,462	12,936,812	(135,350)
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	6,910,000	6,910,000	-
Premium on issuance of bonds	-	995,753	995,753	-
Payment to refund bond escrow agent	(9,750)	(7,938,958)	(7,789,058)	149,900
Transfers in	250,000	250,000	250,000	-
Total other financing sources (uses)	240,250	216,795	366,695	149,900
NET CHANGE IN FUND BALANCES	43,096	1,673	(38,858)	(40,531)
FUND BALANCE, BEGINNING OF YEAR	1,293,259	1,293,259	1,293,259	-
FUND BALANCE, END OF YEAR	$ 1,336,355	$ 1,294,932	$ 1,254,401	$ (40,531)

CITY OF ALLEN, TEXAS **EXHIBIT B-6**
COMPARATIVE BALANCE SHEETS
GENERAL CAPITAL PROJECTS FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 7,827,767	$ 10,664,833
Investments	14,598,278	13,214,488
Accrued interest receivable	77,819	50,356
Special assessments receivable	-	4,401
Other receivable	953,655	-
Total assets	$ 23,457,519	$ 23,934,078
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 729,254	$ 1,085,231
Retainage payable	240,578	79,736
Accrued liabilities	322,971	385,809
Total liabilities	1,292,803	1,550,776
FUND BALANCES		
Restricted for capital projects	22,164,716	22,383,302
Total fund balances	22,164,716	22,383,302
TOTAL LIABILITIES AND FUND BALANCES	$ 23,457,519	$ 23,934,078

CITY OF ALLEN, TEXAS **EXHIBIT B-7**
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL CAPITAL PROJECTS FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
REVENUES		
Charges for services	$ 633,848	$ 279,724
Intergovernmental	1,798,190	2,621,300
Investment earnings	139,631	154,011
Miscellaneous	1,326,913	1,754,526
Total revenues	3,898,582	4,809,561
EXPENDITURES		
General government	490,828	96,651
Culture and recreation	202,119	62,565
Public works	1,279,169	753,863
Capital outlay	8,087,691	3,532,297
Total expenditures	10,059,807	4,445,376
Excess (deficiency) of revenues over (under) expenditures	(6,161,225)	364,185
OTHER FINANCING SOURCES (USES)		
Capital lease obligations	1,700,000	-
Transfers in	4,242,639	3,646,149
Total other financing sources (uses)	5,942,639	3,646,149
NET CHANGE IN FUND BALANCES	(218,586)	4,010,334
FUND BALANCES, BEGINNING OF YEAR	22,383,302	18,372,968
FUND BALANCES, END OF YEAR	$ 22,164,716	$ 22,383,302

CITY OF ALLEN, TEXAS **EXHIBIT B-8**
COMPARATIVE BALANCE SHEETS
GENERAL OBLIGATION BOND FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 5,653,185	$ 7,809,447
Investments	9,316,683	12,926,357
Accrued interest receivable	71,121	40,603
Total assets	$ 15,040,989	$ 20,776,407
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 158,175	$ 476,365
Retainage payable	246,847	29,351
Total liabilities	405,022	505,716
FUND BALANCES		
Restricted for capital projects	14,635,967	20,270,691
Total fund balances	14,635,967	20,270,691
TOTAL LIABILITIES AND FUND BALANCES	$ 15,040,989	$ 20,776,407

CITY OF ALLEN, TEXAS **EXHIBIT B-9**
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL OBLIGATION BOND FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
REVENUES		
Investment earnings	$ 120,503	$ 131,722
Miscellaneous	-	-
Total revenues	120,503	131,722
EXPENDITURES		
General government	66,815	110,417
Culture and recreation	600	783
Public safety	21,736	3,194
Public works	208,390	684,209
Capital outlay	7,176,394	3,023,148
Total expenditures	7,473,935	3,821,751
Deficiency of revenues under expenditures	(7,353,432)	(3,690,029)
OTHER FINANCING SOURCES (USES)		
Transfers out	(265,149)	(370,655)
Premium on debt issuance	43,857	532,977
Issuance of debt	1,940,000	7,430,000
Total other financing sources (uses)	1,718,708	7,592,322
NET CHANGE IN FUND BALANCES	(5,634,724)	3,902,293
FUND BALANCES, BEGINNING OF YEAR	20,270,691	16,368,398
FUND BALANCES, END OF YEAR	$ 14,635,967	$ 20,270,691

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Hotel Occupancy Tax Fund – To account for funds received from hotel occupancy tax and expend as allowed by state law.

Asset Forfeiture Fund –- To account for activities associated with assets legally seized and forfeited.

Grants and Special Revenue Fund – To account for monies received from other governmental agencies that have restricted legal requirements and multi-year budgets.

Park Dedication Fund – To account for funds received and expended for the acquisition of additional park land and for the development of neighborhood parks.

Tax Increment Financing Fund – To account for the tracking of property tax and sales tax revenue and associated expenses for the City's Tax Increment Financing agreements.

CITY OF ALLEN, TEXAS **EXHIBIT C-1**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	SPECIAL REVENUE					
	HOTEL OCCUPANCY TAX	ASSET FORFEITURE	GRANTS AND SPECIAL REVENUE	PARK DEDICATION	TAX INCREMENT FINANCING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	$ 1,625,618	$ 107,163	$ 53,254	$ 569,867	$ 916,863	$ 3,272,765
Investments	2,646,815	128,943	63,346	1,028,816	1,304,638	5,172,558
Accounts receivable	141,645	-	223,036	-	51,940	416,621
Accrued interest	13,980	774	675	5,761	6,287	27,477
TOTAL ASSETS	$ 4,428,058	$ 236,880	$ 340,311	$ 1,604,444	$ 2,279,728	$ 8,889,421
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 58,810	$ 11,534	$ 1,490	$ 17,620	$ -	$ 89,454
Accrued liabilities	9,708	23,944	6,071	-	-	39,723
Retainage payable	-	-	-	5,191	-	5,191
Unearned revenue	-	115,781	83,654	-	-	199,435
TOTAL LIABILITIES	68,518	151,259	91,215	22,811	-	333,803
FUND BALANCES						
Restricted						
Tourism	4,359,540	-	-	-	-	4,359,540
Asset forfeiture	-	85,621	-	-	-	85,621
State and federal grants	-	-	249,096	-	-	249,096
Park acquisition and development	-	-	-	1,581,633	-	1,581,633
Tax increment financing agreement	-	-	-	-	2,279,728	2,279,728
TOTAL FUND BALANCES	4,359,540	85,621	249,096	1,581,633	2,279,728	8,555,618
TOTAL LIABILITIES AND FUND BALANCES	$ 4,428,058	$ 236,880	$ 340,311	$ 1,604,444	$ 2,279,728	$ 8,889,421

CITY OF ALLEN **EXHIBIT C-2**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	SPECIAL REVENUE					
	HOTEL OCCUPANCY TAX	ASSET FORFEITURE	GRANTS AND SPECIAL REVENUE	PARK DEDICATION	TAX INCREMENT FINANCING	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES						
Ad valorem taxes, penalties and interest	$ -	$ -	$ -	$ -	$ 702,096	$ 702,096
Municipal sales tax	-	-	-	-	453,396	453,396
Licenses, permits, and fees	-	-	-	172,876	-	172,876
Hotel / motel taxes	1,607,263	-	-	-	-	1,607,263
Intergovernmental	-	-	593,343	-	125,319	718,662
Investment earnings	26,629	1,821	1,769	11,035	12,166	53,420
Miscellaneous	-	120,154	15,494	-	-	135,648
Total revenues	1,633,892	121,975	610,606	183,911	1,292,977	3,843,361
EXPENDITURES						
General government	-	-	193,161	-	813,313	1,006,474
Public safety	-	108,475	176,004	-	-	284,479
Culture and recreation	894,291	-	39,674	-	-	933,965
Community development	-	-	470,952	-	-	470,952
Capital outlay	26,221	5,775	-	112,212	-	144,208
Total expenditures	920,512	114,250	879,791	112,212	813,313	2,840,078
Excess (deficiency) of revenues over (under) expenditures	713,380	7,725	(269,185)	71,699	479,664	1,003,283
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	87,744	-	-	87,744
Sale of capital assets	-	13,413	-	-	-	13,413
Total other financing sources (uses)	-	13,413	87,744	-	-	101,157
NET CHANGE IN FUND BALANCES	713,380	21,138	(181,441)	71,699	479,664	1,104,440
FUND BALANCES, BEGINNING OF YEAR	3,646,160	64,483	430,537	1,509,934	1,800,064	7,451,178
FUND BALANCES, END OF YEAR	$ 4,359,540	$ 85,621	$ 249,096	$ 1,581,633	$ 2,279,728	$ 8,555,618

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MAJOR ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's council has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund – To account for the provision of water and sewer services to the residents of the City.

Solid Waste Fund – To account for the provision of solid waste services to the residents of the City.

Drainage Fund – To account for the provision of developing and maintaining proper drainage services to the residents of the City.

Golf Course Fund – To account for activities associated with the operations of the Chase Oaks Golf Course purchased by the City in October 2004.

CITY OF ALLEN, TEXAS **EXHIBIT D-1**
COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWER ENTERPRISE FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 10,035,456	$ 10,735,986
Investments	15,786,860	15,754,880
Receivables, net of allowance for uncollectibles:		
Accounts	6,340,182	7,989,908
Accrued interest	93,248	55,751
Inventories	91,010	30,612
Restricted cash and cash equivalents	1,273,025	1,385,613
Total current assets	33,619,781	35,952,750
NONCURRENT ASSETS		
CAPITAL ASSETS		
Land	4,072,882	4,072,882
Towers, tanks, and pump stations	186,525,682	179,959,147
Vehicles	853,145	867,955
Machinery and equipment	5,492,410	5,232,339
Construction in progress	2,059,167	2,182,389
Total capital assets	199,003,286	192,314,712
Less: accumulated depreciation	(87,748,207)	(83,425,930)
Capital assets, net of accumulated depreciation	111,255,079	108,888,782
Total noncurrent assets	111,255,079	108,888,782
TOTAL ASSETS	144,874,860	144,841,532
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	217,746	269,604
Deferred outflows of resources - pension	906,001	435,094
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,123,747	704,698
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	1,078,880	3,720,078
Accrued liabilities	154,603	127,425
Retainage payable	82,914	74,595
Payable from restricted assets:		
Revenue bonds payable - current	1,000,000	975,000
Accrued interest payable	56,361	66,192
Accrued compensated absences - current	394,524	377,765
Customer deposits payable	1,672,134	1,654,863
Total current liabilities	4,439,416	6,995,918
NONCURRENT LIABILITIES		
Revenue bonds payable	4,955,868	5,985,889
Net pension liability	2,171,577	1,554,566
Accrued compensated absences	13,867	13,278
Total noncurrent liabilities	7,141,312	7,553,733
TOTAL LIABILITIES	11,580,728	14,549,651
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	102,447	110,081
TOTAL DEFERRED INFLOWS OF RESOURCES	102,447	110,081
NET POSITION		
Net investment in capital assets	105,516,957	101,927,893
Restricted		
Restricted for revenue bond principal and interest	216,664	344,421
Unrestricted	28,581,811	28,614,184
TOTAL NET POSITION	$ 134,315,432	$ 130,886,498

CITY OF ALLEN, TEXAS **EXHIBIT D-2**
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Water sales	$ 20,832,880	$ 19,771,508
Sewer charges	14,233,692	13,591,909
Connection fees	208,154	180,976
Service charges	698,672	591,321
Gifts and contributions	-	1,000,000
Miscellaneous	362,470	971,556
Total operating revenues	36,335,868	36,107,270
OPERATING EXPENSES		
Personnel services	4,751,662	4,463,491
Contractual and other services	23,558,947	21,092,300
Maintenance	392,650	460,577
Supplies	332,063	188,537
Depreciation	5,963,400	5,802,108
Other	252,662	192,865
Total operating expenses	35,251,384	32,199,878
OPERATING INCOME	1,084,484	3,907,392
NON-OPERATING REVENUES (EXPENSES)		
Interest income	174,115	167,793
Interest expense	(212,881)	(246,235)
Gain on disposal of capital assets	15,503	-
Total non-operating expenses	(23,263)	(78,442)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,061,221	3,828,950
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Development fees	1,535,771	1,280,062
Capital contributions	4,636,530	3,136,580
Transfers in	36,365	38,249
Transfers out	(3,840,953)	(4,898,578)
Total capital contributions and transfers	2,367,713	(443,687)
CHANGE IN NET POSITION	3,428,934	3,385,263
NET POSITION, BEGINNING OF YEAR	130,886,498	127,501,235
NET POSITION, END OF YEAR	$ 134,315,432	$ 130,886,498

CITY OF ALLEN, TEXAS **EXHIBIT D-3**
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 37,985,594	$ 33,084,680
Cash paid to employees for services	(4,595,844)	(4,480,386)
Cash paid for goods and services	(27,163,313)	(20,214,554)
Net cash provided by operating activities	6,226,437	8,389,740
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	36,365	38,249
Transfers out	(3,840,953)	(4,898,578)
Net cash used in non-capital financing activities	(3,804,588)	(4,860,329)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on revenue bond maturities	(975,000)	(1,280,000)
Interest and fees paid on long-term debt	(222,712)	(257,996)
Acquisition and construction of capital assets	(3,693,166)	(2,674,019)
Contributions from developers	1,535,771	1,280,062
Disposition of capital assets	15,502	3,938
Net cash used in capital and related financing activities	(3,339,605)	(2,928,015)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(39,830)	(1,411,855)
Interest on investments	144,468	107,175
Net cash provided by (used in) investing activities	104,638	(1,304,680)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(813,118)	(703,284)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,121,599	12,824,883
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,308,481	$ 12,121,599
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	$ 1,084,484	$ 3,907,392
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization expense	5,985,237	5,823,940
Change in assets and liabilities:		
Accounts receivable	1,649,726	(3,022,590)
Inventories	(60,398)	6,116
Deferred outflows - pension	(470,907)	(435,094)
Accounts payable	(2,641,198)	1,736,925
Accrued liabilities	27,178	12,850
Retainage payable	8,319	(98,378)
Compensated absences	17,348	19,089
Net pension liability	617,011	289,029
Utility deposits	17,271	40,380
Deferred inflows - pensions	(7,634)	110,081
Total adjustments	5,141,953	4,482,348
Net cash provided by operating activities	$ 6,226,437	$ 8,389,740
NON-CASH INVESTING ACTIVITIES		
Change in the fair value of investments	$ (7,850)	$ 64,400
NON-CASH FINANCING ACTIVITIES		
Contributions of capital assets from developers	$ 4,636,530	$ 3,136,580
RECONCILIATION OF CASH		
Cash and cash equivalents - current	$ 10,035,456	$ 10,735,986
Restricted cash and cash equivalents	1,273,025	1,385,613
	$ 11,308,481	$ 12,121,599

CITY OF ALLEN, TEXAS **EXHIBIT D-4**
COMPARATIVE STATEMENTS OF NET POSITION
SOLID WASTE ENTERPRISE FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,176,590	$ 1,458,701
Investments	1,829,689	1,723,829
Receivables, net of allowance for uncollectibles:		
Accounts	277,948	300,038
Other	146,887	127,762
Accrued interest	9,557	7,116
Total current assets	3,440,671	3,617,446
NONCURRENT ASSETS		
CAPITAL ASSETS		
Vehicles	140,440	12,923
Machinery and equipment	12,359	12,595
Total capital assets	152,799	25,518
Less: accumulated depreciation	(15,010)	(19,898)
Capital assets, net of accumulated depreciation	137,789	5,620
Total noncurrent assets	137,789	5,620
TOTAL ASSETS	3,578,460	3,623,066
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension	107,786	48,667
TOTAL DEFERRED OUTFLOWS OF RESOURCES	107,786	48,667
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	338,427	299,336
Accrued compensated absences-current	78,511	65,025
Accrued liabilities	19,768	26,950
Total current liabilities	436,706	391,311
NONCURRENT LIABILITIES		
Net pension liability	251,346	173,884
Accrued compensated absences	4,428	3,667
Total noncurrent liabilities	255,774	177,551
TOTAL LIABILITIES	692,480	568,862
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	11,355	12,313
TOTAL DEFERRED INFLOWS OF RESOURCES	11,355	12,313
NET POSITION		
Net investment in capital assets	137,789	5,620
Unrestricted	2,844,622	3,084,938
TOTAL NET POSITION	$ 2,982,411	$ 3,090,558

CITY OF ALLEN, TEXAS **EXHIBIT D-5**
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
SOLID WASTE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Garbage collections	$ 6,617,182	$ 6,474,386
Other	70,000	18,824
Total operating revenues	6,687,182	6,493,210
OPERATING EXPENSES		
Personnel services	564,532	470,480
Contractual and other services	5,176,928	4,976,900
Maintenance	3,243	4,842
Supplies	44,785	39,532
Depreciation	8,271	625
Other	72,510	67,915
Total operating expenses	5,870,269	5,560,294
OPERATING INCOME	816,913	932,916
NON-OPERATING REVENUES		
Interest income	17,916	21,510
INCOME BEFORE TRANSFERS	834,829	954,426
TRANSFERS		
Transfers out	(942,976)	(1,337,526)
CHANGE IN NET POSITION	(108,147)	(383,100)
NET POSITION, BEGINNING OF YEAR	3,090,558	3,473,658
NET POSITION, END OF YEAR	$ 2,982,411	$ 3,090,558

CITY OF ALLEN, TEXAS **EXHIBIT D-6**
COMPARATIVE STATEMENTS OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 6,687,706	$ 6,776,089
Cash paid to employees for services	(532,900)	(466,465)
Cash paid for goods and services	(5,265,557)	(4,822,842)
Net cash provided by operating activities	889,249	1,486,782
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	(942,976)	(1,337,526)
Net cash used in non-capital financing activities	(942,976)	(1,337,526)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(140,440)	(6,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(105,860)	(62,019)
Interest on investments	17,916	21,510
Net cash used in investing activities	(87,944)	(40,509)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(282,111)	102,502
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,458,701	1,356,199
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,176,590	$ 1,458,701
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Net operating income	$ 816,913	$ 932,916
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	8,271	625
Change in assets and liabilities:		
Accounts receivable	2,965	283,694
Other receivables	(2,441)	(815)
Deferred outflows - pension	(59,119)	(48,667)
Accounts payable	39,091	265,573
Accrued liabilities	(7,182)	774
Net pension liability	77,462	32,329
Accrued compensated absences	14,247	8,040
Deferred inflows - pension	(958)	12,313
Total adjustments	72,336	553,866
Net cash provided by operating activities	$ 889,249	$ 1,486,782

CITY OF ALLEN, TEXAS **EXHIBIT D-7**
COMPARATIVE STATEMENTS OF NET POSITION
DRAINAGE ENTERPRISE FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 352,324	$ 401,131
Investments	398,306	396,409
Receivables:		
Accounts	65,242	68,036
Accrued interest	2,391	1,504
Other	441	-
Total current assets	818,704	867,080
NONCURRENT ASSETS		
CAPITAL ASSETS		
Other improvements	496,132	496,132
Vehicles	151,554	31,379
Machinery and equipment	422,231	445,389
Total capital assets	1,069,917	972,900
Less: accumulated depreciation	(573,102)	(592,568)
Capital assets, net of accumulated depreciation	496,815	380,332
Total noncurrent assets	496,815	380,332
TOTAL ASSETS	1,315,519	1,247,412
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension	99,542	45,199
TOTAL DEFERRED OUTFLOWS OF RESOURCES	99,542	45,199
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	48,222	47,570
Accrued compensated absences	51,258	43,008
Accrued liabilities	19,171	12,401
Total current liabilities	118,651	102,979
NONCURRENT LIABILITIES		
Net pension liability	232,698	161,495
Accrued compensated absences	3,795	3,184
Total noncurrent liabilities	236,493	164,679
TOTAL LIABILITIES	355,144	267,658
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	10,555	11,436
TOTAL DEFERRED INFLOWS OF RESOURCES	10,555	11,436
NET POSITION		
Net investment in capital assets	496,815	380,332
Unrestricted	552,547	633,185
TOTAL NET POSITION	$ 1,049,362	$ 1,013,517

CITY OF ALLEN, TEXAS **EXHIBIT D-8**
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DRAINAGE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Drainage fees	$ 1,453,035	$ 1,350,684
Service charges	45,764	114,360
Other	20,606	2,759
Total operating revenues	1,519,405	1,467,803
OPERATING EXPENSES		
Personnel services	577,140	487,577
Contractual and other services	91,925	73,974
Maintenance	367,850	290,705
Supplies	74,497	34,780
Depreciation	29,652	22,739
Other	5,074	4,547
Total operating expenses	1,146,138	914,322
OPERATING INCOME	373,267	553,481
NON-OPERATING REVENUES		
Interest income	5,086	4,748
INCOME BEFORE TRANSFERS	378,353	558,229
TRANSFERS		
Transfers out	(342,508)	(606,278)
Total transfers	(342,508)	(606,278)
CHANGE IN NET POSITION	35,845	(48,049)
NET POSITION, BEGINNING OF YEAR	1,013,517	1,061,566
NET POSITION, END OF YEAR	$ 1,049,362	$ 1,013,517

CITY OF ALLEN, TEXAS **EXHIBIT D-9**
COMPARATIVE STATEMENTS OF CASH FLOWS
DRAINAGE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 1,521,758	$ 1,464,881
Cash paid to employees for services	(552,300)	(486,928)
Cash paid for goods and services	(531,924)	(388,307)
Net cash provided by operating activities	437,534	589,646
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	(342,508)	(606,278)
Net cash used in non-capital financing activities	(342,508)	(606,278)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(146,135)	(24,943)
Net cash used in capital and related financing activities	(146,135)	(24,943)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	61,114
Purchase of investment securities	(1,897)	-
Interest on investments	4,199	4,819
Net cash provided by investing activities	2,302	65,933
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,807)	24,358
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	401,131	376,773
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 352,324	$ 401,131
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	$ 373,267	$ 553,481
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	29,652	22,739
Change in assets and liabilities:		
Accounts receivable	2,353	(2,922)
Deferred outflows - pension	(54,343)	(45,199)
Accounts payable	652	14,985
Accrued liabilities	6,770	714
Net pension liability	(881)	11,436
Compensated absences	8,861	4,386
Deferred inflows - pension	71,203	30,026
Total adjustments	64,267	36,165
Net cash provided by operating activities	$ 437,534	$ 589,646

CITY OF ALLEN, TEXAS **EXHIBIT D-10**
COMPARATIVE STATEMENTS OF NET POSITION
GOLF COURSE ENTERPRISE FUND
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 450,904	$ 548,856
Other receivable	6	-
Prepaid items	5,050	5,050
Total current assets	455,960	553,906
NONCURRENT ASSETS		
CAPITAL ASSETS		
Machinery and equipment	1,039,720	1,023,275
Less: accumulated depreciation	(764,571)	(625,721)
Capital assets, net of accumulated depreciation	275,149	397,554
Total noncurrent assets	275,149	397,554
TOTAL ASSETS	731,109	951,460
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension	270,686	122,522
TOTAL DEFERRED OUTFLOWS OF RESOURCES	270,686	122,522
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	81,360	168,505
Accrued liabilities	47,719	38,760
Accrued compensated absences	111,670	100,698
Capital leases payable - current	136,041	131,471
Customer deposits payable	33,230	31,155
Total current liabilities	410,020	470,589
NONCURRENT LIABILITIES		
Capital leases payable	116,478	239,340
Net pension liability	631,898	437,764
Accrued compensated absences	27,941	25,195
Total noncurrent liabilities	776,317	702,299
TOTAL LIABILITIES	1,186,337	1,172,888
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	28,597	30,999
TOTAL DEFERRED INFLOWS OF RESOURCES	28,597	30,999
NET POSITION		
Net investment in capital assets	22,630	26,743
Unrestricted	(235,769)	(156,648)
TOTAL NET POSITION	$ (213,139)	$ (129,905)

CITY OF ALLEN, TEXAS **EXHIBIT D-11**
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
GOLF COURSE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Service charges	$ 2,684,923	$ 2,361,384
Miscellaneous	20,876	10,800
Total operating revenues	2,705,799	2,372,184
OPERATING EXPENSES		
Personnel services	1,518,865	1,302,873
Contractual and other services	989,186	1,027,384
Maintenance	119,793	54,576
Supplies	234,381	334,717
Depreciation	138,850	123,851
Other	87,966	68,075
Total operating expenses	3,089,041	2,911,476
OPERATING LOSS	(383,242)	(539,292)
NON-OPERATING REVENUES		
Interest income	8	-
LOSS BEFORE TRANSFERS	(383,234)	(539,292)
TRANSFERS		
Transfers in	300,000	554,644
Total transfers	300,000	554,644
CHANGE IN NET POSITION	(83,234)	15,352
NET POSITION, BEGINNING OF YEAR	(129,905)	(145,257)
NET POSITION, END OF YEAR	$ (213,139)	$ (129,905)

CITY OF ALLEN, TEXAS **EXHIBIT D-12**
COMPARATIVE STATEMENTS OF CASH FLOWS
GOLF COURSE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 2,705,793	$ 2,372,184
Cash paid to employees for services	(1,461,579)	(1,288,821)
Cash paid for goods and services	(1,507,437)	(1,480,872)
Net cash used in operating activities	(263,223)	(397,509)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	300,000	554,644
Net cash provided by non-capital financing activities	300,000	554,644
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	(28,800)
Capital lease payment	(134,737)	(121,794)
Net cash used in capital and related financing activities	(134,737)	(150,594)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	8	-
Net cash provided by investing activities	8	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,952)	6,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	548,856	542,315
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 450,904	$ 548,856
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Net operating loss	$ (383,242)	$ (539,292)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	138,850	123,851
Change in assets and liabilities:		
Accounts receivable	(6)	-
Deferred outflows - pension	(148,164)	(122,522)
Accounts payable	(87,145)	(6,142)
Accrued liabilities	8,959	6,847
Customer deposits	2,075	3,175
Net pension liability	194,134	81,390
Compensated absences	13,718	24,185
Deferred inflows - pension	(2,402)	30,999
Total adjustments	120,019	141,783
Net cash used in operating activities	$ (263,223)	$ (397,509)

CITY OF ALLEN
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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for financing of services provided by one department to other departments of the City on a cost-reimbursement basis.

Replacement Fund - accounts for the costs associated with the acquisition of vehicles, machinery, and equipment through the rental of such items to other departments.

Risk Management Fund – accounts for the costs associated with workers compensation, liability and property insurance and medical and dental programs established for City employees and their covered dependents.

Facility Maintenance Fund - The Facility Maintenance Fund accumulates resources to address large repairs and aging facility infrastructure. The accumulation of resources will help address major building repairs and prevent building deterioration.

CITY OF ALLEN, TEXAS **EXHIBIT E-1**
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2015)

	REPLACEMENT FUND	RISK MANAGEMENT FUND	FACILITY MAINTENANCE FUND	TOTALS 2016	TOTALS 2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 4,170,541	$ 2,408,185	$ 478,224	$ 7,056,950	$ 7,486,006
Investments	6,852,521	3,164,618	332,032	10,349,171	9,840,114
Accrued interest receivable	39,329	19,430	1,662	60,421	38,623
Prepaid items	-	202,000	-	202,000	112,872
Total current assets	11,062,391	5,794,233	811,918	17,668,542	17,477,615
CAPITAL ASSETS					
Machinery and equipment	5,906,680	-	-	5,906,680	4,335,153
Vehicles	12,268,519	-	-	12,268,519	11,693,051
Construction in progress	616,326	-	-	616,326	706,187
Accumulated depreciation	(10,675,287)	-	-	(10,675,287)	(9,481,843)
Capital assets, net of accumulated depreciation	8,116,238	-	-	8,116,238	7,252,548
TOTAL ASSETS	19,178,629	5,794,233	811,918	25,784,780	24,730,163
LIABILITIES AND NET POSITION					
LIABILITIES					
Accounts payable	51,434	231,896	103,518	386,848	147,148
Accrued liabilities	-	447	-	447	-
Incurred but not reported claims	-	1,073,336	-	1,073,336	983,434
TOTAL LIABILITIES	51,434	1,305,679	103,518	1,460,631	1,130,582
NET POSITION					
Net investment in capital assets	8,116,238	-	-	8,116,238	7,252,548
Unrestricted	11,010,957	4,488,554	708,400	16,207,911	16,347,033
TOTAL NET POSITION	$ 19,127,195	$ 4,488,554	$ 708,400	$ 24,324,149	$ 23,599,581

CITY OF ALLEN, TEXAS **EXHIBIT E-2**
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2015)

	REPLACEMENT FUND	RISK MANAGEMENT FUND	FACILITY MAINTENANCE FUND	TOTALS 2016	TOTALS 2015
OPERATING REVENUES					
Charges for services	$ 2,113,832	$ 10,625,586	$ -	$ 12,739,418	$ 12,309,305
Other income	50,388	147,040	-	197,428	465,323
Total operating revenues	2,164,220	10,772,626	-	12,936,846	12,774,628
OPERATING EXPENSES					
Personal services	-	314,414	-	314,414	469,854
Contractual services	285,954	11,374,745	886,065	12,546,764	10,709,925
Depreciation	1,645,882	-	-	1,645,882	1,526,633
Total operating expenses	1,931,836	11,689,159	886,065	14,507,060	12,706,412
OPERATING INCOME (LOSS)	232,384	(916,533)	(886,065)	(1,570,214)	68,216
NON-OPERATING REVENUES					
Investment earnings	72,256	35,816	2,360	110,432	112,722
Gain on disposal of capital assets	146,870	-	-	146,870	64,459
Total non-operating revenues	219,126	35,816	2,360	257,302	177,181
INCOME BEFORE TRANSFERS	451,510	(880,717)	(883,705)	(1,312,912)	245,397
TRANSFERS					
Transfers in	-	445,375	1,592,105	2,037,480	1,385,695
Total transfers	-	445,375	1,592,105	2,037,480	1,385,695
CHANGE IN NET POSITION	451,510	(435,342)	708,400	724,568	1,631,092
NET POSITION, BEGINNING OF YEAR	18,675,685	4,923,896	-	23,599,581	21,968,489
NET POSITION, END OF YEAR	$ 19,127,195	$ 4,488,554	$ 708,400	$ 24,324,149	$ 23,599,581

CITY OF ALLEN, TEXAS **EXHIBIT E-3**
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2015)

	REPLACEMENT FUND	RISK MANAGEMENT FUND	FACILITY MAINTENANCE FUND	TOTALS 2016	TOTALS 2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from transactions with other funds	$ 2,096,094	$ 11,087,814	$ -	$ 13,183,908	$ 12,989,564
Cash paid to employees for services	-	(314,414)	-	(314,414)	(469,854)
Cash paid for goods and services	(285,954)	-	(782,547)	(1,068,501)	(7,179,551)
Cash paid for claims	-	(11,484,404)	-	(11,484,404)	(3,776,668)
Net cash provided by operating activities	1,810,140	(711,004)	(782,547)	316,589	1,563,491
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	445,375	1,592,105	2,037,480	1,385,695
Net cash provided by non-capital financing activities	-	445,375	1,592,105	2,037,480	1,385,695
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(2,509,572)	-	-	(2,509,572)	(2,066,384)
Proceeds from sale of capital assets	146,870	-	-	146,870	64,459
Net cash used in capital and related financing activities	(2,362,702)	-	-	(2,362,702)	(2,001,925)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(427,372)	-	(332,032)	(759,404)	(728,541)
Proceeds from sale and maturities of investment securities	-	250,347	-	250,347	-
Interest on investments	58,488	29,448	698	88,634	112,267
Net cash provided by (used in) investing activities	(368,884)	279,795	(331,334)	(420,423)	(616,274)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(921,446)	14,166	478,224	(429,056)	330,987
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,091,987	2,394,019	-	7,486,006	7,155,019
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,170,541	$ 2,408,185	$ 478,224	$ 7,056,950	$ 7,486,006
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net operating income (loss)	$ 232,384	$ (916,533)	$ (886,065)	(1,570,214)	$ 68,216
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,645,882	-	-	1,645,882	1,526,634
Change in assets and liabilities:					
Prepaids	-	(89,128)	-	(89,128)	153,758
Accounts payable	(68,126)	294,657	103,518	330,049	(185,117)
Total adjustments	1,577,756	205,529	103,518	1,886,803	1,495,275
Net cash provided by (used in) operating activities	$ 1,810,140	$ (711,004)	$ (782,547)	$ 316,589	$ 1,563,491

DISCRETELY PRESENTED COMPONENT UNITS

Allen Economic Development Corporation (AEDC) – AEDC is a legally separate entity from the City and is responsible for aiding, promoting and furthering economic development within the City.

Allen Community Development Corporation (ACDC) – ACDC is a legally separate entity from the City and is responsible for supporting the improvements in community parks and recreation, streets and sidewalks, public safety and the community library.

CITY OF ALLEN, TEXAS **EXHIBIT F-1**
COMPARATIVE BALANCE SHEETS
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 8,029,021	$ 5,976,111
Investments	12,332,494	10,025,083
Sales tax receivable	1,689,157	1,531,556
Accounts receivable	700	-
Accrued interest receivable	70,328	35,676
Prepaid items	6,298	6,298
TOTAL ASSETS	$ 22,127,998	$ 17,574,724
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	$ 269,488	$ 66,741
Accrued and other liabilities	18,205	17,335
TOTAL LIABILITIES	287,693	84,076
FUND BALANCES		
Nonspendable	6,298	6,298
Restricted		
Debt service	751,713	752,316
Unassigned	21,082,294	16,732,034
TOTAL FUND BALANCES	21,840,305	17,490,648
TOTAL LIABILITIES AND FUND BALANCES	$ 22,127,998	$ 17,574,724

CITY OF ALLEN, TEXAS **EXHIBIT F-2**
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2016

Total governmental fund balance	$ 21,840,305
Amounts reported for governmental activities in the statement of net position are different because:	
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(55,177)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(19,468,437)
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	9,511,870
Net position of governmental activities	$ 11,828,561

CITY OF ALLEN, TEXAS **EXHIBIT F-3**
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
REVENUES		
Sales and other taxes	$ 9,438,024	$ 8,893,669
Investment earnings	134,820	107,330
Miscellaneous	23	3,250
Total revenues	9,572,867	9,004,249
EXPENDITURES		
Current:		
Economic development	2,943,733	3,232,759
Capital projects:		
Economic development	30,000	6,013,633
Debt service:		
Principal retirement	1,491,853	870,000
Interest and fiscal charges	782,624	723,905
Total expenditures	5,248,210	10,840,297
Excess (deficiency) of revenues over (under) expenditures	4,324,657	(1,836,048)
OTHER FINANCING SOURCES		
Issuance of debt	-	4,400,000
Proceeds from sale of capital assets	25,000	1,060,792
Total other financing sources	25,000	5,460,792
NET CHANGE IN FUND BALANCE	4,349,657	3,624,744
FUND BALANCES, BEGINNING OF YEAR	17,490,648	13,865,904
FUND BALANCES, END OF YEAR	$ 21,840,305	$ 17,490,648

CITY OF ALLEN, TEXAS **EXHIBIT F-4**
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds	$ 4,349,657
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements.	(3,065)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,491,853
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	2,709
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(153,333)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	30,000
Change in net position of governmental activities	$ 5,717,821

CITY OF ALLEN, TEXAS **EXHIBIT F-5**
COMPARATIVE BALANCE SHEETS
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,803,073	$ 4,794,237
Investments	6,329,960	6,261,134
Sales tax receivable	1,689,157	1,531,556
Accounts receivable	11,503	-
Accrued interest receivable	38,290	20,969
TOTAL ASSETS	$ 11,871,983	$ 12,607,896
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	$ 400,397	$ 563,322
Retainage payable	198,471	28,701
TOTAL LIABILITIES	598,868	592,023
FUND BALANCES		
Restricted		
Debt service	200,918	1,101,508
Assigned for capital projects	7,819,170	7,819,170
Unassigned	3,253,027	3,095,195
TOTAL FUND BALANCES	11,273,115	12,015,873
TOTAL LIABILITIES AND FUND BALANCES	$ 11,871,983	$ 12,607,896

CITY OF ALLEN, TEXAS **EXHIBIT F-6**
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2016

Total governmental fund balance	$	11,273,115
Amounts reported for governmental activities in the statement of net position are different because:		
Interest payable on long-term debt does not require current financial resources, and, therefore, is not reported as a liability in the governmental funds balance sheet.		(56,741)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		(30,505,880)
Net position of governmental activities	$	(19,289,506)

CITY OF ALLEN, TEXAS **EXHIBIT F-7**
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
REVENUES		
Sales and other taxes	$ 9,438,024	$ 8,893,669
Investment earnings	76,388	64,366
Miscellaneous	193,161	-
Total revenues	9,707,573	8,958,035
EXPENDITURES		
Current:		
Community development	1,491,191	2,101,123
Capital projects:		
Community development	5,480,052	1,415,343
Debt service:		
Principal retirement	1,190,000	1,135,000
Interest and fiscal charges	2,650,530	1,816,365
Total expenditures	10,811,773	6,467,831
Excess (deficiency) of revenues over expenditures	(1,104,200)	2,490,204
OTHER FINANCING SOURCES AND (USES)		
Issuance of debt	31,235,000	-
Payment to refund bond escrow agent	(30,873,558)	-
Total other financing sources (uses)	361,442	-
NET CHANGE IN FUND BALANCES	(742,758)	2,490,204
FUND BALANCES, BEGINNING OF YEAR	12,015,873	9,525,669
FUND BALANCES, END OF YEAR	$ 11,273,115	$ 12,015,873

CITY OF ALLEN, TEXAS **EXHIBIT F-8**
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds	$	(742,758)
Amounts reported for governmental activities in the statement of activities are different because:		
The proceeds from issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds ($31,235,000), while the repayment to escrow of long-term debt for refunding consumes the current financial resources of governmental funds ($30,873,558).		(361,442)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements.		1,991
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		89,964
Repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, these transactions have no effect on net position.		1,190,000
Change in net position of governmental activities	$	177,755

CITY OF ALLEN
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CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF ALLEN
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CITY OF ALLEN, TEXAS **EXHIBIT G-1**
COMPARATIVE SCHEDULES BY SOURCE (a)
AS OF SEPTEMBER 30, 2016

	2016	2015
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land and land improvements	$ 137,644,912	$ 131,973,606
Buildings	131,939,671	131,330,347
Machinery and equipment	11,364,411	11,421,675
Furniture and fixtures	7,958,722	7,973,242
Vehicles	2,339,864	2,477,078
Books	1,632,126	1,862,785
Infrastructure	498,916,776	484,877,368
Total property and equipment in service	791,796,482	771,916,101
Construction in progress	22,442,771	13,702,688
Total governmental funds capital assets	$ 814,239,253	$ 785,618,789
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY REVENUE SOURCE		
General obligation bond proceeds and interest income	$ 199,727,699	$ 192,892,418
Revenue bonds	10,475,000	10,475,000
Contributions	392,306,809	383,601,240
Other governments	9,951,500	9,951,500
General and other fund operations	179,745,191	166,685,149
Special revenue funds	22,033,054	22,013,482
Total governmental funds capital assets	$ 814,239,253	$ 785,618,789

(a) This schedule presents only the capital asset balances related to governmental funds, including infrastructure. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF ALLEN, TEXAS
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (a)
AS OF SEPTEMBER 30, 2016

Function and Activity	Land & Land Improvements		Buildings	Machinery & Equipment
GENERAL GOVERNMENT				
Municipal court	$ 631,788	$ -	$ 289,669	137,584
City administration	2,719,532	-	8,871,016	523,936
Information technology	-	-	-	1,066,227
Internal services	-	-	-	371,109
Finance	-	-	-	-
Total general government	3,351,320	-	9,160,685	2,098,856
PUBLIC SAFETY				
Police	-	-	8,528,747	630,587
Fire	78,932	-	9,081,000	711,390
Total public safety	78,932	-	17,609,747	1,341,977
PUBLIC WORKS				
Community services & streets	51,274,858	-	13,184,077	571,001
Engineering	63,772,269	-	8,624,175	160,284
Total public works	115,047,127	-	21,808,252	731,285
CULTURE & RECREATION				
Parks & recreation	18,667,533	-	70,288,315	5,512,797
CVB	-	-	-	-
Library	-	-	11,041,387	457,946
Total culture and recreation	18,667,533	-	81,329,702	5,970,743
COMMUNITY DEVELOPMENT				
Building & code compliance	-	-	-	-
Planning & development	-	-	-	16,988
Total community development	-	-	-	16,988
GRANT ADMINISTRATION				
Grant Administration	500,000	-	2,031,285	1,204,562
Total grant administration	500,000	-	2,031,285	1,204,562
Construction in Progress	-	-	-	-
Total governmental funds capital assets	$ 137,644,912	$ -	$ 131,939,671	$ 11,364,411

(a) This schedule presents only the capital asset balances related to governmental funds, including infrastructure. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Furniture & Fixtures	Vehicles	Books	Other Improvements	Construction in Progress	Total
$ -	$ -	$ -	$ 6,178	$ -	$ 1,065,219
838,708	25,348	-	-	-	12,978,540
12,978	39,570	-	5,539,835	-	6,658,610
14,623	122,770	-	4,311	-	512,813
23,600	-	-	-	-	23,600
889,909	187,688	-	5,550,324	-	21,238,782
244,435	258,240	-	1,148,333	-	10,810,342
288,428	994,624	-	110,682	-	11,265,056
532,863	1,252,864	-	1,259,015	-	22,075,398
57,718	71,479	-	270,353,592	-	335,512,725
468,878	54,300	-	162,915,476	-	235,995,382
526,596	125,779	-	433,269,068	-	571,508,107
5,162,732	474,967	-	56,354,544	-	156,460,888
-	26,221	-	-	-	26,221
837,256	-	1,622,199	3,519	-	13,962,307
5,999,988	501,188	1,622,199	56,358,063	-	170,449,416
-	13,619	-	-	-	13,619
9,366	19,848	-	-	-	46,202
9,366	33,467	-	-	-	59,821
-	238,878	9,927	2,480,306	-	6,464,958
-	238,878	9,927	2,480,306	-	6,464,958
-	-	-	-	22,442,771	22,442,771
$ 7,958,722	$ 2,339,864	$ 1,632,126	$ 498,916,776	$ 22,442,771	$ 814,239,253

CITY OF ALLEN, TEXAS **EXHIBIT G-3**

SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS – BY FUNCTION AND ACTIVITY (a)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Function and Activity	Governmental Funds Capital Assets October 1, 2015	Developer Contributions	Additions	Deductions	Transfers	Governmental Funds Capital Assets September 30, 2016
GENERAL GOVERNMENT						
Municipal Court	$ 1,065,219	$ -	$ -	$ -	$ -	$ 1,065,219
City Administration	12,906,299	-	72,241		-	12,978,540
Information Technology	6,638,982	-	19,628	-	-	6,658,610
Human Resources	-	-	-	-	-	-
Internal Services	512,813	-	-	-	-	512,813
Finance	23,600	-	-	-	-	23,600
Total General Government	21,146,913	-	91,869	-	-	21,238,782
PUBLIC SAFETY						
Police	10,916,475	-	5,775	(111,908)	-	10,810,342
Fire	11,926,563	-	-	(661,507)	-	11,265,056
Total Public Safety	22,843,038	-	5,775	(773,415)	-	22,075,398
PUBLIC WORKS						
Community services & streets	328,790,024	6,748,871	-	(26,170)	-	335,512,725
Engineering	225,596,575	1,956,698	1,700,000	(8,449)	6,750,558	235,995,382
Total Public Works	554,386,599	8,705,569	1,700,000	(34,619)	6,750,558	571,508,107
CULTURE & RECREATION						
Parks & Recreation	152,821,806	-	2,456,558	(103,478)	1,286,002	156,460,888
CVB	-	-	26,221	-	-	26,221
Library	14,189,763	-	-	(227,456)	-	13,962,307
Total Culture & Recreation	167,011,569	-	2,482,779	(330,934)	1,286,002	170,449,416
COMMUNITY DEVELOPMENT						
Building & Code Compliance	13,619	-	-	-	-	13,619
Planning & Development	46,202	-	-	-	-	46,202
Total Community Development	59,821	-	-	-	-	59,821
GRANT ADMINISTRATION						
Grant Administration	6,468,161	-	-	(3,203)	-	6,464,958
Total Grant Administration	6,468,161	-	-	(3,203)	-	6,464,958
Total general capital assets allocated by function	771,916,101	8,705,569	4,280,423	(1,142,171)	8,036,560	791,796,482
Construction in progress	13,702,688	-	16,776,643	-	(8,036,560)	22,442,771
Total governmental funds capital assets	$ 785,618,789	$ 8,705,569	$ 21,057,066	$ (1,142,171)	$ -	$ 814,239,253

(a) This schedule presents only the capital asset balances related to governmental funds, including infrastructure. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION
(UNAUDITED)

CITY OF ALLEN
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STATISTICAL SECTION

This part of the City of Allen's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents	**Table #s**
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	**1, 2, 3 & 4**
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	**5, 6, 7 & 8**
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	**9, 10, 11 & 12**
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	**13 & 14**
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	**15, 16 & 17**

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF ALLEN, TEXAS **TABLE 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	$ 333,490,275	$ 366,609,833	$ 415,201,199	$ 428,550,870	$ 419,223,646	$ 426,207,901	$ 422,172,473	$ 415,790,437	$ 408,378,054	$ 417,289,081
Restricted	1,099,998	1,151,814	1,068,651	889,439	18,656,870	21,042,413	26,511,231	26,066,205	31,476,026	32,485,173
Unrestricted	33,402,994	38,666,826	43,584,591	40,218,786	24,181,393	24,614,505	25,284,684	27,737,205	16,876,003	14,714,652
Total governmental activities net position	$ 367,993,267	$ 406,428,473	$ 459,854,441	$ 469,659,095	$ 462,061,909	$ 471,864,819	$ 473,968,388	$ 469,593,847	$ 456,730,083	$ 464,488,906
Business-type activities										
Net investment in capital assets	$ 83,485,274	$ 95,620,414	$ 92,988,242	$ 94,983,309	$ 96,288,053	$ 99,960,794	$ 99,544,466	$ 100,991,443	$ 102,340,588	$ 106,174,191
Restricted for debt service	336,842	922,863	654,521	376,962	349,692	428,646	364,510	26,859	344,421	216,664
Unrestricted	22,107,342	26,254,327	28,450,857	27,145,409	30,718,830	32,630,970	35,144,959	33,906,436	33,455,745	32,883,380
Total business-type activities net position	$ 105,929,458	$ 122,797,604	$ 122,093,620	$ 122,505,680	$ 127,356,575	$ 133,020,410	$ 135,053,935	$ 134,924,738	$ 136,140,754	$ 139,274,235
Primary government										
Net investment in capital assets	$ 416,975,549	$ 462,230,247	$ 508,189,441	$ 523,534,179	$ 515,511,699	$ 526,168,695	$ 521,716,939	$ 516,781,880	$ 510,718,642	$ 523,463,272
Restricted for debt service	1,436,840	2,074,677	1,723,172	1,266,401	19,006,562	21,471,059	26,875,741	26,093,064	31,820,447	32,701,837
Unrestricted	55,510,336	64,921,153	72,035,448	67,364,195	54,900,223	57,245,475	60,429,643	61,643,641	50,331,748	47,598,032
Total primary governmental net position	$ 473,922,725	$ 529,226,077	$ 581,948,061	$ 592,164,775	$ 589,418,484	$ 604,885,229	$ 609,022,323	$ 604,518,585	$ 592,870,837	$ 603,763,141

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

TABLE 2

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	$ 11,171,912	$ 13,466,124	$ 14,304,910	$ 20,415,700	$ 16,989,047	$ 18,347,067	$ 22,271,050	$ 24,940,939	$ 24,464,246	$ 25,304,811
Public safety	20,718,946	23,438,274	24,498,604	26,106,950	27,110,778	28,675,146	28,935,911	30,408,487	31,607,444	35,199,937
Public works	13,178,850	14,508,426	14,893,306	16,036,561	16,779,393	17,681,730	17,807,948	18,252,130	18,349,569	19,083,214
Culture and recreation	14,912,287	16,980,568	17,689,583	23,160,807	30,645,922	32,112,451	29,983,224	30,987,689	32,407,934	32,851,598
Community development	2,031,522	4,557,098	2,718,864	2,665,534	2,742,284	2,527,518	2,230,968	2,689,517	2,861,704	3,251,555
Interest on long-term debt	4,040,682	4,219,858	4,326,330	4,860,527	4,715,550	4,539,622	4,067,303	3,955,305	3,921,989	3,356,234
Total governmental activities expenses	66,054,199	77,170,348	78,431,597	93,246,079	98,982,974	103,883,534	105,296,404	111,234,067	113,612,886	119,047,349
Business-type activities:										
Water and sewer	19,463,383	21,357,015	22,227,624	26,344,371	25,638,007	26,359,698	29,160,281	30,081,379	32,304,628	35,604,182
Solid waste	3,921,060	4,433,560	4,893,175	5,111,913	5,411,960	5,429,049	5,495,654	5,383,215	5,560,294	5,870,269
Drainage	705,503	710,711	692,180	895,924	819,947	882,726	910,179	951,973	914,322	1,146,138
Golf Course	1,803,174	1,964,367	2,165,144	2,029,699	1,912,583	1,179,015	2,483,467	2,839,098	2,911,476	3,089,041
Total business-type activities expenses	25,893,120	28,465,653	29,978,123	34,381,907	33,782,497	33,850,488	38,049,581	39,255,665	41,690,720	45,709,630
Total primary government expenses	$ 91,947,319	$ 105,636,001	$ 108,409,720	$ 127,627,986	$ 132,765,471	$ 137,734,022	$ 143,345,985	$ 150,489,732	$ 155,303,606	$ 164,756,979
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	$ 488,618	$ 508,964	$ 553,322	$ 619,950	$ 575,406	$ 712,432	$ 675,196	$ 823,801	$ 705,064	$ 467,786
Public safety	984,340	1,274,374	1,514,091	1,464,849	1,521,787	1,577,643	1,541,985	1,568,294	1,647,407	1,801,984
Public works	180,773	194,223	26,940	131,147	117,518	137,357	196,685	154,418	233,808	210,687
Culture and recreation	2,340,027	2,473,738	2,638,116	4,347,601	7,762,439	8,019,145	8,443,286	8,425,791	9,177,211	10,289,465
Community development	2,549,806	4,296,269	1,492,567	1,498,580	1,394,833	1,265,485	2,220,438	3,103,410	3,021,708	3,216,799
Operating grants and contributions	2,767,412	2,762,517	2,771,709	3,148,752	2,736,094	1,504,355	2,067,482	1,121,356	1,749,567	1,557,260
Capital grants and contributions	18,896,486	42,823,515	70,200,823	21,884,059	5,437,433	26,626,381	14,737,780	9,571,206	10,552,610	16,039,869
Total governmental activities program revenues	28,207,462	54,333,600	79,197,568	33,094,938	19,545,510	39,842,798	29,882,852	24,768,276	27,087,375	33,583,850
Business-type activities:										
Charges for services:										
Water and sewer	19,394,286	24,589,440	24,642,034	25,588,187	30,798,158	28,693,707	30,808,084	28,955,282	34,135,714	36,335,868
Solid waste	4,597,805	4,975,594	5,541,375	5,789,828	6,138,900	6,040,165	6,114,951	6,309,729	6,474,386	6,687,182
Drainage	975,639	1,016,208	1,116,881	1,238,278	1,284,058	1,338,680	1,352,671	1,378,662	1,465,044	1,519,405
Golf Course	1,340,087	1,554,661	1,628,697	1,430,861	1,406,555	59,054	1,924,706	2,537,564	2,361,384	2,705,799
Operating grants and contributions	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-
Capital grants and contributions	6,029,069	14,561,455	2,135,885	5,142,221	2,749,029	7,151,043	3,788,300	3,685,960	4,416,642	6,172,301
Total business-type activities program revenues	32,336,886	46,697,358	35,064,872	39,189,375	43,376,700	44,282,649	44,988,712	43,867,197	49,853,170	53,420,555
Total primary government program revenues	$ 60,544,348	$ 101,030,958	$ 114,262,440	$ 72,284,313	$ 62,922,210	$ 84,125,447	$ 74,871,564	$ 68,635,473	$ 76,940,545	$ 87,004,405

(continued)

CITY OF ALLEN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

TABLE 2

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expenses) Revenue										
Governmental activities	$ (37,846,737)	$ (22,836,748)	$ 765,971	$ (60,151,141)	$ (79,437,464)	$ (64,040,736)	$ (75,413,552)	$ (86,465,791)	$ (86,525,511)	$ (85,463,499)
Business-type activities	6,443,766	18,231,705	5,086,749	4,807,468	9,594,203	10,432,161	6,939,131	4,611,532	8,162,450	7,710,925
Total primary government net expenses	$ (31,402,971)	$ (4,605,043)	$ 5,852,720	$ (55,343,673)	$ (69,843,261)	$ (53,608,575)	$ (68,474,421)	$ (81,854,259)	$ (78,363,061)	$ (77,752,574)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 32,922,229	$ 37,261,411	$ 39,450,387	$ 40,757,240	$ 41,111,106	$ 42,042,753	$ 44,474,745	$ 46,232,565	$ 50,143,986	$ 54,102,952
Sales taxes	9,755,380	10,046,534	11,140,337	12,461,268	13,907,095	15,038,519	16,289,761	18,004,636	18,141,683	19,274,983
Franchise taxes	4,931,008	5,530,732	5,533,573	6,091,857	6,421,059	6,150,419	6,302,018	6,973,705	7,412,447	7,295,931
Hotel / Motel taxes	673,383	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286	1,499,512	1,544,160	1,607,263
Other taxes	1,893,830	1,900,081	1,987,765	2,128,167	1,886,665	1,622,633	1,389,503	2,151,232	1,851,397	1,621,012
Investment earnings	3,011,145	2,437,926	1,558,913	1,154,160	644,169	538,863	177,495	416,828	689,736	735,832
Gain on disposition of capital assets	77,938	57,979	113,734	103,095	233,783	40,509	92,401	-	-	-
Miscellaneous	891,846	511,656	1,052,184	1,312,462	1,451,743	1,802,747	2,079,082	2,445,491	2,650,103	3,794,277
Transfers	2,718,588	2,806,596	3,211,453	5,142,361	5,071,346	5,377,207	5,361,830	5,627,137	6,249,489	4,790,072
Total governmental activities	56,875,347	61,271,954	64,645,858	69,955,795	71,840,278	73,843,646	77,517,121	83,351,106	88,683,001	93,222,322
Business-type activities:										
Investment earnings	1,269,510	775,413	499,148	338,849	184,709	197,613	70,382	134,988	194,051	197,125
Gain on disposition of capital assets	-	667,624	-	-	-	-	-	-	-	15,503
Miscellaneous	-	-	-	408,104	143,329	411,268	385,842	850,157	1,003,939	-
Transfers	(2,718,588)	(2,806,596)	(3,211,453)	(5,142,361)	(5,071,346)	(5,377,207)	(5,627,137)	(5,627,137)	(6,249,489)	(4,790,072)
Total business-type activities	(1,449,078)	(1,363,559)	(2,712,305)	(4,395,408)	(4,743,308)	(4,768,326)	(5,170,913)	(4,641,992)	(5,051,499)	(4,577,444)
Total primary government	$ 55,426,269	$ 59,908,395	$ 61,933,553	$ 65,560,387	$ 67,096,970	$ 69,075,320	$ 72,346,208	$ 78,709,114	$ 83,631,502	$ 88,644,878
Change in Net Position										
Governmental activities	$ 19,028,610	$ 38,435,206	$ 65,411,829	$ 9,804,654	$ (7,597,186)	$ 9,802,910	$ 2,103,569	$ (3,114,685)	$ 2,157,490	$ 7,758,823
Business-type activities	4,994,688	16,868,146	2,374,444	412,060	4,850,895	5,663,835	2,033,525	(30,460)	3,110,951	3,133,481
Total primary government	$ 24,023,298	$ 55,303,352	$ 67,786,273	$ 10,216,714	$ (2,746,291)	$ 15,466,745	$ 4,137,094	$ (3,145,145)	$ 5,268,441	$ 10,892,304

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS **TABLE 3**
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	$ -	$ 1,126	$ 941	$ 862	$ 156	$ 2,081	$ 2,098	$ 4,767	$ 1,486	$ 2,129
Restricted	-	-	-	-	55,898	513,801	726,953	752,238	779,185	907,908
Assigned	-	-	-	-	1,402	133,478	851,564	748,200	921,030	-
Unassigned	13,373,243	13,830,321	13,863,592	15,466,113	15,628,882	16,136,690	14,952,037	17,647,235	18,686,921	21,190,991
Total General Fund	$ 13,373,243	$ 13,831,447	$ 13,864,533	$ 15,466,975	$ 15,686,338	$ 16,786,050	$ 16,532,652	$ 19,152,440	$ 20,388,622	$ 22,101,028
All Other Governmental Funds										
Restricted	$ 29,973,609	$ 39,699,958	$ 54,286,739	$ 39,138,691	$ 31,131,674	$ 26,297,587	$ 34,132,037	$ 42,149,113	$ 51,398,430	$ 46,610,702
Total all other governmental funds	$ 29,973,609	$ 39,699,958	$ 54,286,739	$ 39,138,691	$ 31,131,674	$ 26,297,587	$ 34,132,037	$ 42,149,113	$ 51,398,430	$ 46,610,702

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS **TABLE 4**
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Ad valorem taxes	$ 33,188,243	$ 37,524,441	$ 39,524,538	$ 40,555,218	$ 41,167,524	$ 42,045,252	$ 44,725,261	$ 46,142,222	$ 50,177,840	$ 54,104,132
Franchise taxes	4,931,008	5,530,732	5,533,573	6,091,857	6,421,059	6,150,419	6,302,018	6,973,705	7,412,447	7,295,931
Municipal sales tax	9,755,380	10,046,534	11,140,337	12,461,268	13,907,095	15,038,519	16,289,761	18,004,636	18,141,683	19,274,983
Licenses, permits and fees	2,303,023	2,321,139	1,888,823	1,120,401	1,270,493	1,215,677	2,294,955	2,915,533	3,134,551	3,064,580
Charges for services	2,175,305	4,169,453	1,923,778	5,790,716	9,234,618	10,051,684	10,623,970	10,580,553	11,734,344	13,002,770
Court fines	1,893,830	1,900,477	1,996,179	2,134,324	1,886,665	1,648,194	1,402,725	2,160,168	1,805,230	1,579,628
Gifts and contributions	1,860,720	2,189,511	23,902,163	609,522	986,125	1,443,766	1,322,228	819,408	1,012,103	832,211
Hotel / motel taxes	673,383	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286	1,499,512	1,544,160	1,607,263
Recreation fees	2,098,051	2,154,236	2,309,331	-	-	-	-	-	-	-
Intergovernmental	2,137,046	2,185,252	22,358,605	5,528,449	3,795,087	4,637,343	5,267,026	1,704,404	3,570,737	2,645,089
Investment earnings	2,578,852	2,160,011	1,318,704	985,219	547,525	440,065	144,604	344,386	577,014	627,760
Miscellaneous	1,125,725	1,432,285	1,123,436	5,199,090	1,939,352	2,241,166	2,671,410	3,394,197	3,420,441	3,711,870
Total revenues	64,720,566	72,333,110	113,616,979	81,281,249	82,268,855	86,142,081	92,394,244	94,538,724	102,530,550	107,746,217
EXPENDITURES										
General government	10,632,412	15,701,588	13,585,542	19,656,265	16,502,188	17,145,603	21,785,677	23,544,055	23,996,598	24,101,637
Public safety	20,256,547	23,269,152	24,086,875	24,994,107	26,089,579	27,291,201	28,317,603	29,214,552	30,731,310	32,966,265
Public works	3,071,852	3,579,431	3,614,305	5,186,355	3,856,373	4,104,118	4,055,500	4,077,961	4,888,798	4,865,431
Culture and recreation	11,629,708	13,338,981	13,422,415	14,581,130	21,785,214	22,460,071	20,864,140	21,435,581	22,540,516	24,287,382
Community development	2,031,954	2,414,866	2,663,153	2,584,454	2,549,235	2,406,485	2,211,253	2,631,289	2,880,880	2,833,011
Capital outlay	7,946,011	8,122,023	48,473,906	34,219,102	17,398,837	7,972,159	6,123,786	6,573,002	6,555,445	15,408,293
Debt service										
Principal retirement	6,325,000	4,775,000	5,200,000	5,995,000	6,930,000	7,634,130	7,964,914	8,364,986	9,322,537	9,135,000
Interest and fiscal charges	3,843,462	3,986,567	4,309,099	4,710,336	4,775,982	4,562,965	3,955,639	3,882,394	4,247,469	3,801,812
Total expenditures	65,736,946	75,187,608	115,355,295	111,926,749	99,887,408	93,576,732	95,278,512	99,723,820	105,163,553	117,398,831
Excess (deficiency) of revenues over (under) expenditures	(1,016,380)	(2,854,498)	(1,738,316)	(30,645,500)	(17,618,553)	(7,434,651)	(2,884,268)	(5,185,096)	(2,633,003)	(9,652,614)
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	-	-	-	-	12,625,000	13,940,000	-	-	32,245,000	6,910,000
Premium on bond issuance	-	50,904	189,872	150,733	667,702	2,296,042	350,071	432,879	3,772,133	1,039,610
Issuance of debt	11,145,000	10,185,000	15,400,000	12,000,000	5,000,000	-	5,065,000	10,595,000	-	1,940,000
Capital lease obligations	-	153,455	35,069	-	-	29,905	-	-	-	1,700,000
Payment to refunded bond escrow agent	-	-	-	-	(12,998,419)	(16,050,003)	-	-	(27,782,010)	(7,789,058)
Transfer from other funds	5,077,795	5,502,927	5,973,735	10,136,842	6,849,982	7,074,436	9,598,187	9,257,105	9,711,565	9,137,082
Transfer to other funds	(2,567,872)	(2,906,669)	(5,318,064)	(5,285,873)	(2,336,625)	(3,599,726)	(4,571,226)	(4,484,282)	(4,847,771)	(6,384,490)
Sale of capital assets	50,284	53,434	77,571	98,192	23,259	9,622	23,288	21,258	19,585	24,148
Total other financing sources (uses)	13,705,207	13,039,051	16,358,183	17,099,894	9,830,899	3,700,276	10,465,320	15,821,960	13,118,502	6,577,292
NET CHANGE IN FUND BALANCES	$ 12,688,827	$ 10,184,553	$ 14,619,867	$ (13,545,606)	$ (7,787,654)	$ (3,734,375)	$ 7,581,052	$ 10,636,864	$ 10,485,499	$ (3,075,322)
Debt service as a percentage of noncapital expenditures	17.7%	13.3%	14.4%	13.8%	14.2%	14.3%	13.4%	13.2%	13.6%	12.7%

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS **TABLE 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2007	5,977,932,595	527,560,589	786,249,114	5,719,244,070	0.55800
2008	6,746,339,301	638,399,574	931,228,814	6,453,510,061	0.55700
2009	7,250,071,630	612,812,456	827,934,570	7,034,949,516	0.55600
2010	7,546,057,552	627,120,557	855,810,360	7,317,367,749	0.55500
2011	7,592,460,367	673,537,481	876,322,043	7,389,675,805	0.55400
2012	7,721,491,897	496,008,713	615,320,140	7,602,180,470	0.55300
2013	7,810,983,131	833,800,673	643,485,592	8,001,298,212	0.55200
2014	8,197,352,931	789,414,854	613,723,945	8,373,043,840	0.55000
2015	9,347,795,862	885,946,440	1,071,401,599	9,162,340,703	0.54000
2016	10,892,510,607	949,453,680	1,665,547,504	10,176,416,783	0.53000

Sources: City of Allen Budget Document
Collin Central Appraisal District

CITY OF ALLEN, TEXAS **TABLE 6**
DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(unaudited)

	City Direct Rates			Overlapping Rates					
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Allen Independent School District	Plano Independent School District	McKinney Independent School District	Love Joy Independent School District	Collin County	Collin County Community College District
2007	0.39100	0.16700	0.55800	1.77510	1.57840	1.84100	1.69340	0.24500	0.08768
2008	0.42662	0.13038	0.55700	1.47030	1.26840	1.51700	1.47630	0.24500	0.08698
2009	0.42370	0.13231	0.55600	1.47030	1.30340	1.51700	1.51500	0.24250	0.08649
2010	0.41075	0.14425	0.55500	1.54000	1.32840	1.54000	1.53500	0.24250	0.08630
2011	0.40908	0.14492	0.55400	1.54000	1.35340	1.52800	1.53500	0.24000	0.08630
2012	0.40533	0.14767	0.55300	1.67000	1.37340	1.54000	1.53500	0.24000	0.08630
2013	0.40506	0.14694	0.55200	1.67000	1.37340	1.54000	1.53500	0.24000	0.08630
2014	0.40912	0.14088	0.55000	1.67000	1.45300	1.67000	1.53500	0.23750	0.08364
2015	0.39836	0.14164	0.54000	1.64000	1.44800	1.67000	1.56000	0.23500	0.08196
2016	0.40627	0.12373	0.53000	1.61000	1.43900	1.67000	1.56000	0.22500	0.08196

Source: Collin Central Appraisal District

CITY OF ALLEN, TEXAS **TABLE 7**
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

2016			2007		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[a]	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[b]
AT&T Mobility LLC	$ 146,950,999	1.44%	Chelsea Allen Development LP	$ 64,246,753	1.12%
The Village At Allen LP	144,273,092	1.42%	Lexington Allen LP	41,500,000	0.73%
Watters Creek Owner LLC	107,324,512	1.05%	TXU Electric Delivery Company	35,840,926	0.63%
AT&T Services Inc	91,038,581	0.89%	BES Settler's Gate Fund III LP & ETAL	30,836,874	0.54%
Cisco Systems Inc	90,654,841	0.89%	Diebold Inc	30,692,559	0.54%
Chelsea Allen Development LP	81,356,697	0.80%	Benton Pointe Apartments Inc	29,492,600	0.52%
BH Benton Pointe Apartments LLC	41,354,800	0.41%	Cingular Wireless LLC	28,593,457	0.50%
Creekside Acquisition LP	41,087,335	0.40%	Sanmina Corporation	25,489,515	0.45%
EMC Corp	40,006,030	0.39%	Bossy Boots Holdings Ltd	21,740,058	0.38%
BH Settler's Gate Apartments LP	39,697,861	0.39%	Lansbrook Apartment Ltd Partnership	21,037,030	0.37%
Total	$ 823,744,748	8.09%	Total	$ 329,469,772	5.78%

Source: Collin Central Appraisal District

Notes: [a]Taxpayers are assessed on January 1, 2015 (2015 tax year) for the 2016 fiscal year.
[b]Taxpayers are assessed on January 1, 2006 (2006 tax year) for the 2007 fiscal year.

CITY OF ALLEN, TEXAS **TABLE 8**
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	Percentage of levy		Amount	Percentage of levy
2007	31,913,382	31,515,163	98.75%	$ 9,521	31,524,684	98.78%
2008	35,946,051	35,867,502	99.78%	20,337	35,887,839	99.84%
2009	39,052,170	38,887,961	99.58%	113,032	39,000,993	99.87%
2010	40,611,391	40,162,971	98.90%	50,731	40,213,702	99.02%
2011	40,938,804	40,932,108	99.98%	(22,886)	40,909,222	99.93%
2012	42,040,058	41,777,134	99.37%	156,760	41,933,894	99.75%
2013	44,167,166	44,005,302	99.63%	159,187	44,164,489	99.99%
2014	46,051,741	45,924,321	99.72%	-	45,924,321	99.72%
2015	49,476,640	48,784,032	98.60%	523,386	49,307,418	99.66%
2016	53,949,634	52,904,305	98.06%	357,820	53,262,125	98.73%

Source: Collin County Tax Assessor

CITY OF ALLEN, TEXAS **TABLE 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2007	83,310,000	5,310,000	-	$ 414,365	16,610,000	$ (27,590)	105,616,775	3.95%	1,340
2008	88,920,000	5,110,000	-	626,723	15,035,000	48,745	109,740,468	4.01%	1,333
2009	99,325,000	4,905,000	-	876,068	14,100,000	69,633	119,275,701	3.94%	1,421
2010	105,550,000	4,685,000	-	1,053,242	12,960,000	6,179	124,254,421	4.24%	1,456
2011	104,330,000	4,455,000	-	914,918	11,770,000	(34,414)	121,435,504	4.01%	1,402
2012	99,365,000	1,060,000	-	1,957,998	10,535,000	(74,053)	112,843,945	3.42%	1,281
2013	96,735,000	800,000	-	2,433,439	9,370,000	456,061	109,794,500	2.96%	1,224
2014	99,245,000	530,000	-	4,615,649	8,015,000	691,493	113,097,142	3.19%	1,241
2015	95,690,000	490,000	-	7,258,749	6,735,000	596,700	110,770,449	2.81%	1,188
2016	86,445,000	450,000	1,940,000	9,175,844	5,760,000	448,387	104,219,231	2.73%	1,102

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 13 for personal income and population data.

CITY OF ALLEN, TEXAS **TABLE 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total		
2007	83,310,000	5,310,000	-	88,620,000	1.55%	1,125
2008	88,920,000	5,110,000	-	94,030,000	1.46%	1,142
2009	99,325,000	4,905,000	-	104,230,000	1.48%	1,242
2010	105,550,000	4,685,000	-	110,235,000	1.51%	1,292
2011	104,330,000	4,455,000	-	108,785,000	1.47%	1,256
2012	99,365,000	1,060,000	-	100,425,000	1.32%	1,140
2013	96,735,000	800,000	-	97,535,000	1.22%	1,087
2014	99,245,000	530,000	-	99,775,000	1.19%	1,095
2015	95,690,000	490,000	-	96,180,000	1.05%	1,031
2016	86,445,000	450,000	1,940,000	88,835,000	0.87%	939

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
[a]See Table 5 for property value data.
[b]See Table 13 for population data.

CITY OF ALLEN, TEXAS **TABLE 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2016
(Unaudited)

Governmental Unit	Gross Bonded Debt	Percentage of Debt Applicable to Area	Allen Share of Overlapping Debt
Debt repaid with property taxes			
Allen I.S.D.	$ 589,690,275	90.31%	$ 532,549,287
Plano I.S.D.	1,000,470,000	0.85%	8,503,995
McKinney I.S.D.	525,880,000	0.15%	788,820
Lovejoy I.S.D.	157,463,766	10.45%	16,454,964
Collin County	395,590,000	10.09%	39,915,031
Collin College	16,910,000	10.09%	1,706,219
Subtotal, overlapping debt			599,918,316
City of Allen (direct debt)	88,835,000	100.00%	88,835,000
Total direct and overlapping debt			$ 688,753,316

Sources: Net bonded debt and percentage of debt provided by Municipal Advisory of Texas.

CITY OF ALLEN, TEXAS **TABLE 12**
PLEDGED – REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Water and Sewer System Revenue Bonds				
	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2007	$ 22,414,193	$ 14,313,605	$ 8,100,588	$ 2,442,758	3.32
2008	27,742,541	16,210,992	11,531,549	2,364,358	4.88
2009	25,075,813	17,202,595	7,873,218	1,659,529	4.74
2010	28,773,833	20,620,871	8,152,962	1,698,662	4.80
2011	32,088,556	19,752,880	12,335,676	1,703,356	7.24
2012	30,218,985	20,244,240	9,974,745	1,702,074	5.86
2013	32,199,528	23,061,918	9,137,610	1,588,049	5.75
2014	30,887,999	23,754,848	7,133,151	1,585,519	4.50
2015	36,275,063	26,397,770	9,877,293	1,513,860	6.52
2016	36,509,983	29,287,984	7,221,999	1,173,576	6.15

Notes: [a]Includes operating and non-operating revenues. In 2000-2008 Development fees were a part of the non-operating revenues (Exhibit 9). As of 2009 Development fees are no longer included as part of the non-operating revenues and therefore are not included in the times coverage calculation.

[b]Includes operating expenses minus depreciation.

[c]Includes Principal and Interest.

CITY OF ALLEN, TEXAS **TABLE 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	School Enrollment[c]	Unemployment Rate[d]
2007	78,804	2,671,692,012	33,903	17,049	3.7%
2008	82,318	2,738,884,496	33,272	17,513	4.7%
2009	83,929	3,025,808,308	36,052	18,091	7.5%
2010	85,315	2,930,399,620	34,348	18,715	6.7%
2011	86,633	3,030,508,973	34,981	19,387	7.2%
2012	88,103	3,298,664,423	37,441	19,765	5.4%
2013	89,705	3,709,032,635	41,347	20,295	5.2%
2014	91,157	3,542,543,334	38,862	20,503	4.4%
2015	93,261	3,940,277,250	42,250	20,755	3.2%
2016	94,576	3,823,896,832	40,432	20,973	3.6%

Sources: [a]Estimated population provided by the City of Allen.
[b]Estimated Per Capita Income provided by U.S. Census Bureau based on current income trends within the area.
[c]Allen Independent School District.
[d]Texas Workforce Commission.

CITY OF ALLEN, TEXAS **TABLE 14**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

2016			2007		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Allen Independent School District	2,391	7.11%	Allen Independent School District	2,300	10.07%
CVE Technology Group, Inc	1,200	3.57%	Presbyterian Hospital	690	3.02%
Experian Information Solutions	865	2.57%	City of Allen	684	3.00%
Frontier Communications	850	2.53%	Experian	655	2.87%
City of Allen	793	2.36%	Graphic Converting	600	2.63%
Texas Health Presbyterian Hospital	700	2.08%	Sanmina SCI	565	2.47%
Jack Henry & Associates	640	1.90%	Celerity, Inc	330	1.45%
PFSweb	450	1.34%	Jack Henry & Associates	303	1.33%
Andrew Distributing	400	1.19%	Sage Telecommunications	300	1.31%
KONE Inc	320	0.95%	RCL Enterprises	225	0.99%
Total	8,609	25.61%		6,652	29.13%
Total Allen Daytime Employees	33,614		Total Allen Daytime Employees	22,836	

Source: Top ten employers and employee count provided by Allen Economic Development Corporation.

CITY OF ALLEN, TEXAS **TABLE 15**
FULL – TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
Function/Program	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
General Government and Adminstration	46.75	52.75	55.50	55.50	56.00	57.50	62.00	64.00	67.00	70.50
Public Safety	239.00	251.00	255.00	255.00	257.50	276.50	284.50	286.00	295.00	299.00
Public Works	50.00	51.50	52.50	52.50	54.00	53.00	53.00	54.50	55.50	59.00
Culture and Recreational	161.04	162.14	162.92	213.87	215.36	214.86	214.50	212.27	215.71	221.31
Water and Sewer	57.00	60.00	60.50	60.50	63.50	63.50	66.50	68.00	69.00	70.00
Golf Course[a]	34.00	34.00	34.08	34.08	32.49	23.63	32.54	32.54	33.64	33.64
Community Development	28.50	30.00	31.00	29.00	28.00	28.00	26.00	27.00	27.50	28.50
Risk Management	2.00	2.00	2.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00
Economic Development	4.00	4.00	4.00	4.25	4.25	4.25	4.25	6.25	7.00	7.00
Total	622.29	647.39	657.50	706.70	713.10	723.24	746.29	754.56	774.35	792.95

Source: City Budget Book

[a]Golf Course was closed for renovations in FY2012 and re-opened in January 2013.

CITY OF ALLEN, TEXAS **TABLE 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
Function/Program	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Public Safety										
Police										
Number of Employees	148	154	157	157	160	172	174	175	183	185
Number of Violations (Citations)	18,562	21,462	18,251	17,504	17,925	13,812	13,902	19,943	14,000	13,645
Fire										
Number of Employees	91	97	98	98	98	104	110	111	112	114
Number of Fire/Other runs	1,298	2,144	2,045	1,362	1,468	1,325	1,377	1,541	1,622	1,822
Number of EMS runs	2,416	2,008	2,084	2,885	3,155	3,193	3,613	3,703	3,812	4,162
Development Services										
Streets paved (miles)	14	5	2	4	3	4	1	4	1	5
Building Permits Issued[a]	4,903	5,287	4,014	4,689	4,993	5,192	6,013	9,538	7,549	7,022
Cultural and Recreational										
Parks and Recreation										
Park maintained & operated per acre	$ 5,093	$ 5,959	$ 5,772	$ 5,121	$ 5,393	$ 5,117	$ 4,372	$ 4,445	$ 4,258	$ 4,547
Participants in Leisure Service Programs	351,931	385,376	501,626	581,535	624,643	683,645	666,452	646,719	568,503	638,367
Rounds of Golf[c]	33,685	39,886	43,527	37,857	38,775	-	33,615	45,546	39,723	44,478
Library										
Volumes in Collection[b]	138,063	135,879	131,048	127,665	122,522	124,471	124,226	128,501	132,380	138,041
Water and Sewer										
Number of Water Consumers	25,326	26,162	26,598	27,094	27,495	27,974	28,669	29,124	29,750	30,332
Average Daily Water Consumption (gallons)	9,377,466	13,131,057	14,019,701	14,542,980	17,115,783	14,336,000	14,479,000	11,863,621	13,284,000	14,472,000
Maximum Storage Capacity (million of gallons)	33.5	31.5	31.0	31.0	33.0	33.0	33.0	33.0	33.0	33.0
Sanitation										
Recyclables Collected (tons)	6,954	7,571	9,232	9,374	9,307	9,517	9,667	9,920	10,015	10,108
Solid Waste Collected (tons)	49,822	52,699	52,457	53,660	56,233	53,960	53,445	55,142	59,591	62,009

Source: City Departments

Notes: [a]Includes residential, commercial, and miscellaneous (e.g. pools, fences, and roof repair) permits.
[b]Include books and media.
[c]Golf Course was closed for renovations in FY2012 and re-opened in January 2013.

CITY OF ALLEN, TEXAS **TABLE 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Unaudited)

	Fiscal Year									
Function/Program	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	18	23	24	23	23	27	27	27	27	28
Fire Stations	4	4	4	4	4	5	5	5	5	5
Police Motorcycle Units	4	4	4	4	4	4	4	4	4	4
Development Services										
Streets-Paved (miles)	307	312	314	318	321	325	326	330	331	336
Alleys-Paved (miles)	159	161	161	163	163	163	163	165	166	167
Cultural and Recreational										
Parks (acres)	578	578	578	576	576	597	597	599	599	607
Playgrounds	32	32	32	32	32	32	32	32	32	32
Swimming Pools (outdoor)	1	1	1	1	1	1	1	1	1	1
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Tennis Courts	5	5	5	5	5	5	5	5	5	5
Natatorium	1	1	1	1	1	1	1	1	1	1
Visitor (Youth) Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Event Center	-	-	-	1	1	1	1	1	1	1
Water and Sewer										
Water Mains (miles)	427	439	445	452	456	461	467	471	474	481
Fire Hydrants	3,894	3,941	3,954	3,981	4,022	4,144	4,210	4,329	4,398	4,560
Sanitary Sewers (miles)	329	334	336	339	342	346	352	354	356	361
Storm Sewer Lines (miles)	101	103	104	105	106	107	108	109	110	112

Source: City Departments